

# **SWARTLAND MUNICIPALITY**

## **MEDIUM TERM REVENUE AND EXPENDITURE FRAMEWORK 2017/2018 TO 2019/2020**



# **ANNUAL BUDGET OF SWARTLAND MUNICIPALITY**

## **2017/18 TO 2019/20 MEDIUM TERM REVENUE AND EXPENDITURE FORECASTS**

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## **Part 1 – Annual Budget**

### **1.1 Mayor’s Report**

The budget speech will be distributed directly after the council meeting.

### **1.2 Council Resolutions**

The council resolution will be made available after being approved by council.

### **1.3 Executive Summary**

The main objective of a municipal budget is to allocate realistically expected resources to the service delivery goals or performance objectives identified as priorities in the Integrated Development Plan. National Treasury’s MFMA Circular No. 86 is used to guide the compilation of the 2017/18 MTREF (Medium-term Revenue and Expenditure Framework).

As this budget constitutes the proposed financial plan for the next 3 years, it naturally impacts on the community as a whole and it is thus extremely important to consult the community in a bid to create awareness and to gain support for joint ownership and responsibility in managing the municipality’s financial affairs. Consequently, a compulsory period of community liaison shall follow before the final approval of this budget before mid-May 2017. Inputs and representations shall be considered prior to final approval after which consideration will be given in line with Section 23 of the MFMA whether the draft budget needs to be revised and amended.

Council’s strategic objectives of service delivery include the continuation of an acceptable level of services, as well as improvement in those areas still in need of development. It remains a priority of the council to contain service delivery within the affordability levels of the community whilst focusing on the five strategic focus areas that council wish to strive to achieve over the next three years:

- Improved quality of life for citizens;
- Inclusive economic growth;
- Quality and sustainable living environment;
- Caring, competent and responsive institutions, organisations and business;
- Sufficient, affordable and well-run services.

Strategic objectives were developed for each focus area that are specifically linked to the multi-year budgets and is given effect to in the Service Delivery and Budget Implementation Plan. The municipality has also ensured that there is a distinction between municipal functions and those of other spheres of government.

To achieve the above, a balancing act is required between the set objectives and available financial resources, while taking into consideration the effect of tariff adjustments on the community as a whole, and more particularly the needs of the poor and vulnerable. In addition, like as in the rest of the country we have not escaped the downturn in the economy, which has had a considerable influence to not only disposable income levels in our area, but has further lowered the level of unemployment and growth prospects. Economic challenges will continue to

pressurise municipal revenue generation and collection hence a conservative approach is advised for projecting revenue. These circumstances make it essential for municipalities to reprioritise expenditure and implement stringent cost-containment measures, taking into account the requirements of National Treasury's MFMA Circular No. 82.

According to Circular No. 86, the following headline inflation forecasts underpin the national 2017 Budget:

Fiscal Year	2015/16 Actual	2016/17 Estimate	2017/18	2018/19	2019/20
			Forecast		
Headline CPI Inflation	4.6%	6.4%	6.1%	5.9%	5.8%

Taking all of the above into consideration, I submit to you the following estimated expenditure, summarised as follows:

TYPE	2016/2017 (R'000)	2017/2018 (R'000)	2018/2019 (R'000)	2019/2020 (R'000)
Operating expenditure	624 518	652 566	665 007	697 785
Capital expenditure	81 428	81 243	79 995	84 276
<b>TOTAL</b>	<b>705 946</b>	<b>733 809</b>	<b>745 002</b>	<b>782 061</b>

The increases in tariffs and service charges, in the main are influenced by the following, but not limited to the items below, over which council have little or no control over:

- Salary increases of around 7.36% excluding a further annual notch increase and other employee benefit increases such as housing subsidies, pension, medical aid contributions, etc. as determined at national bargaining level and outside the control of the municipality;
- Preliminary increase of around 0.31% in Eskom's bulk purchase price for electricity with the potential of double figure increases over the outer years;
- An increase of 6.2% in the bulk purchase price for water (emergency measures excluded);
- Interest on capital costs to service the existing external loans;
- Compulsory statutory provisions for devaluation of assets, bad debt, and sufficient GRAP provision for post-employment medical contributions and long service awards;
- Service delivery challenges / demands;
- Spending on Repairs and maintenance;
- Required worsening socio economic conditions and consumer profiles of communities.

Potential risks impacting financial planning over the MTREF and ultimately the income modelling exercise forming the basis for the MTREF:

- The likely potential that NERSA approves much higher increases to ESKOM over the outer years of the multi-year budget in light of the much smaller than anticipated increase in bulk purchases allowed to ESKOM for the 2017-2018 financial year which resulted in only a 1,88 % to Councils electricity consumers.
- Planned anticipated revenue from the sale of water under pressure as a result of the water scarcity and much lower consumption levels.
- The possible introduction of a basic fee for water services to be considered during the 2018-2019 budget process.
- The upward pressure and multiplier effect of increases in staff salaries negotiated and agreed at national level on total expenditure compared to limited growth in revenue.

Keeping the above in mind, the following table is a consolidated overview of the proposed 2017/18 Medium-term Revenue and Expenditure Framework:

**Consolidated Overview of the 2017/18 MTREF (R'000)**

R thousand	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2017/2018 (R'000)	2018/2019 (R'000)	2019/2020 (R'000)
Total Operating Revenue	599 853	647 973	663 622	709 036
Total Operating Expenditure	624 518	652 566	665 007	697 785
<b>Surplus / (Deficit) before capital transfers</b>	<b>(24 665)</b>	<b>(4 593)</b>	<b>(1 385)</b>	<b>11 251</b>
Transfers Recognised Capital	35 419	35 076	29 837	23 724
Contributions Recognised - Capital	999	-	-	-
<b>Surplus / (Deficit) for the year</b>	<b>11 753</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>

Total operating revenue excluding capital grants and contributions is expected to grow by 8.02 per cent or R48, 120 million for the 2017/18 financial year when compared to the 2016/17 Adjusted Budget. For the two outer years, operational revenue will increase by 2.41 and 6.84 per cent respectively, equating to total revenue growth of R109, 183 million over the MTREF (2017/18 to 2019/20). The outer years are based on available information at the time of compiling this report.

Total operating expenditure for the 2017/18 financial year has been appropriated at R652.566 million and translates into a budgeted deficit of R4, 593 million (before capital transfers). When compared to the 2016/17 financial year, operational expenditure is projected to grow by 4.49 per cent in the 2017/18 budget and by 1.91 and 4.93 per cent for each of the respective outer years of the MTREF, based on current assumptions.

However, if we exclude the conditional grant funding and related expenditure, the following growth trends are noted.

%	Budget Yr 2017/2018	Budget Yr 2018/2019	Budget Yr 2019/2020
Growth in Operating Revenue (Excluding Conditional Grants)	5.3%	7.0%	6.9%
Growth Operating Expenditure (Excluding Conditional Grants)	1.2%	6.4%	4.7%

As a result of the projected revenue being increased at a greater rate than the planned expenditure program, the operating deficit (before capital grant transfers) stated at R4, 593 million in 2017/18 is expected to decrease to R1, 385 in 2018/19 and ultimately a budgeted surplus of R11, 251 million is envisaged for 2019/20. The turnaround of the deficit to a surplus is a major step towards the operating budget of the municipality being self-sustainable, the municipality should on a continuous basis evaluate the financial performance of all departments to identify areas where revenue sources can be increased and non-priority spending can be decreased. As a minimum requirement, the trading services (Water-, Electricity-, Refuse- and Sanitation Departments) and departments with the ability to generate own revenue (such as the Traffic Department) should be cost reflective, thus not requiring the ratepayer to fund these operations through property taxes or cross subsidization.

The financial performance of all departments over the MTREF can be summarised as follow:

Vote Description R thousand	Budget Year 2017/18			Budget Year +1 2018/19			Budget Year +2 2019/20		
	Revenue	Expenditure	Surplus/ Deficit	Revenue	Expenditure	Surplus/ Deficit	Revenue	Expenditure	Surplus/ Deficit
<b>Vote 1 - Corporate Services</b>	<b>8 629</b>	<b>27 219</b>	<b>(18 590)</b>	<b>9 236</b>	<b>29 383</b>	<b>(20 146)</b>	<b>9 644</b>	<b>31 372</b>	<b>(21 728)</b>
1.1 - Administration	212	8 804	(8 592)	112	9 444	(9 332)	112	10 164	(10 053)
1.2 - Human Resources	449	5 703	(5 254)	587	6 207	(5 619)	726	6 437	(5 711)
1.3 - Libraries	7 680	7 948	(268)	8 036	8 560	(525)	8 489	9 168	(679)
1.4 - Marketing and Tourism	25	1 349	(1 324)	226	1 468	(1 242)	28	1 542	(1 514)
1.5 - Town and Community Halls	263	3 415	(3 152)	276	3 703	(3 427)	289	4 061	(3 772)
<b>Vote 2 - Civil Services</b>	<b>201 963</b>	<b>243 284</b>	<b>(41 321)</b>	<b>199 471</b>	<b>240 833</b>	<b>(41 362)</b>	<b>208 145</b>	<b>245 172</b>	<b>(37 027)</b>
2.1 - Administration	43	3 914	(3 871)	—	4 124	(4 124)	—	4 425	(4 425)
2.2 - Cemeteries	532	453	79	557	462	96	584	470	114
2.3 - Municipal Property Maintenance	2 744	10 531	(7 787)	2 672	10 236	(7 564)	2 706	10 445	(7 739)
2.4 - Parks and Recreational Areas	1 284	14 242	(12 958)	5 800	14 682	(8 882)	—	16 039	(16 039)
2.5 - Proclaimed Roads	19 810	24 500	(4 690)	4 100	11 990	(7 890)	100	2 270	(2 170)
2.6 - Refuse Removals	35 763	18 269	17 494	37 649	19 790	17 859	39 873	21 837	18 036
2.7 - Street Cleaning	40	5 001	(4 961)	42	5 375	(5 333)	44	5 783	(5 739)
2.8 - Solid Waste Disposal(Landfill Sites)	—	6 558	(6 558)	—	6 896	(6 896)	—	7 274	(7 274)
2.9 - Sewerage Services	67 930	38 835	29 095	71 593	40 043	31 550	75 242	41 658	33 584
2.10 - Waste Water Treatment	—	5 936	(5 936)	—	6 288	(6 288)	—	6 692	(6 692)
2.11 - Sportgrounds	6 665	4 994	1 670	1 408	5 296	(3 888)	6 008	5 580	428
2.12 - Streets	1 475	43 329	(41 854)	53	44 246	(44 194)	55	45 357	(45 302)
2.13 - Stormwater	—	8 007	(8 007)	—	8 434	(8 434)	—	9 152	(9 152)
2.14 - Swimming Pools	196	2 278	(2 082)	205	2 455	(2 250)	215	2 709	(2 494)
2.15 - Water Distribution	65 481	56 436	9 045	75 392	60 517	14 875	83 317	65 481	17 836
<b>Vote 3 - Council</b>	<b>237</b>	<b>14 368</b>	<b>(14 131)</b>	<b>239</b>	<b>15 191</b>	<b>(14 952)</b>	<b>242</b>	<b>16 059</b>	<b>(15 817)</b>
3.1 - Council General Expenses	237	14 368	(14 131)	239	15 191	(14 952)	242	16 059	(15 817)
3.2 - Grants and Subsidies - General	—	—	—	—	—	—	—	—	—
<b>Vote 4 - Electricity Services</b>	<b>256 173</b>	<b>226 982</b>	<b>29 190</b>	<b>270 300</b>	<b>243 732</b>	<b>26 568</b>	<b>288 370</b>	<b>261 837</b>	<b>26 533</b>
4.1 - Administration	—	1 451	(1 451)	—	1 576	(1 576)	—	1 711	(1 711)
4.2 - Distribution	256 173	213 433	42 739	270 300	229 060	41 240	288 370	246 576	41 794
4.3 - Street Lighting	—	1 119	(1 119)	—	1 200	(1 200)	—	1 289	(1 289)
4.4 - IT Services	—	10 979	(10 979)	—	11 897	(11 897)	—	12 261	(12 261)



Vote Description R thousand	Budget Year 2017/18			Budget Year +1 2018/19			Budget Year +2 2019/20		
	Revenue	Expenditure	Surplus/ Deficit	Revenue	Expenditure	Surplus/ Deficit	Revenue	Expenditure	Surplus/ Deficit
<b>Vote 5 - Financial Services</b>	<b>152 021</b>	<b>45 784</b>	<b>106 237</b>	<b>168 135</b>	<b>48 597</b>	<b>119 538</b>	<b>182 507</b>	<b>52 366</b>	<b>130 141</b>
5.1 - Administration	–	1 663	(1 663)	–	1 914	(1 914)	–	2 079	(2 079)
5.2 - Finance	51 077	33 532	17 545	59 686	35 908	23 777	65 985	38 700	27 286
5.3 - Budget and Treasury	–	2 812	(2 812)	–	2 538	(2 538)	–	2 752	(2 752)
5.4 - Asset Management	–	811	(811)	–	882	(882)	–	960	(960)
5.5 - Grants and Subsidies - FMG	1 550	1 550	–	1 550	1 550	–	1 550	1 550	–
5.6 - Fleet Management	–	–	–	–	–	–	–	–	–
5.7 - Property Services	99 395	–	99 395	106 900	–	106 900	114 971	–	114 971
5.8 - Supply Chain Management	–	5 417	(5 417)	–	5 805	(5 805)	–	6 325	(6 325)
<b>Vote 6 - Development Services</b>	<b>29 437</b>	<b>38 888</b>	<b>(9 450)</b>	<b>10 904</b>	<b>26 203</b>	<b>(15 298)</b>	<b>6 658</b>	<b>25 350</b>	<b>(18 692)</b>
6.1 - Administration	1	1 834	(1 833)	1	2 102	(2 101)	1	2 490	(2 489)
6.2 - Caravan parks - Yzerfontein	2 703	1 926	777	2 838	1 978	860	2 980	2 210	770
6.3 - Community Development	987	2 575	(1 588)	1 062	2 612	(1 550)	37	2 804	(2 767)
6.4 - Multi-Purpose Centres	106	1 300	(1 194)	–	1 396	(1 396)	25	1 298	(1 273)
6.5 - Planning and Valuations	825	6 608	(5 783)	838	9 091	(8 254)	850	7 050	(6 200)
6.6 - Building Control	2 380	2 731	(351)	2 480	2 959	(479)	2 580	3 193	(613)
6.7 - Housing	22 436	20 392	2 043	3 686	4 535	(849)	186	4 655	(4 469)
6.8 - Occupational Health and Safety	–	1 522	(1 522)	–	1 528	(1 528)	–	1 649	(1 649)
<b>Vote 7 - Municipal Manager</b>	<b>–</b>	<b>6 585</b>	<b>(6 585)</b>	<b>–</b>	<b>6 857</b>	<b>(6 857)</b>	<b>–</b>	<b>7 350</b>	<b>(7 350)</b>
7.1 - Administration	–	3 042	(3 042)	–	3 087	(3 087)	–	3 354	(3 354)
7.2 - Strategic Planning	–	1 844	(1 844)	–	1 983	(1 983)	–	2 134	(2 134)
7.3 - Internal Audit	–	1 699	(1 699)	–	1 787	(1 787)	–	1 862	(1 862)
<b>Vote 8 - Protection Services</b>	<b>34 589</b>	<b>49 457</b>	<b>(14 868)</b>	<b>35 173</b>	<b>54 212</b>	<b>(19 039)</b>	<b>37 194</b>	<b>58 280</b>	<b>(21 086)</b>
8.1 - Administration	–	1 983	(1 983)	–	2 049	(2 049)	–	2 184	(2 184)
8.2 - Civil Protection	–	300	(300)	–	300	(300)	–	300	(300)
8.3 - Fire Fighting	808	3 661	(2 852)	0	4 627	(4 627)	0	5 145	(5 145)
8.4 - Harbour Yzerfontein	15	70	(55)	15	76	(61)	15	83	(67)
8.5 - Licensing and Traffic Services	7 637	7 439	197	7 938	8 361	(422)	8 250	8 777	(526)
8.6 - Policing and Law Enforcement	26 129	36 004	(9 876)	27 219	38 799	(11 580)	28 928	41 792	(12 863)
<b>Total by Vote</b>	<b>683 049</b>	<b>652 566</b>	<b>30 483</b>	<b>693 459</b>	<b>665 007</b>	<b>28 452</b>	<b>732 760</b>	<b>697 785</b>	<b>34 975</b>

According to Stats SA, the population of Swartland increased from 72,116 in 2001 to 113,762 in 2011 and to 133,762 in 2016 with the latter being informed by the 2016 Community Survey. The average growth rate was 4.7% per year between 2001 and 2011 and between 2011 and 2016; it decreased to 3.3% per year. While already faced with a housing and infrastructure backlog (similar to other municipalities in the country), this rapid growth rate places enormous strain on the municipality to keep up with the ever growing demand for housing and related services.

Council is thus tasked with a very important role to maintain their obligational duty placed upon them in terms of Section 152 of the constitution – to deliver high quality services to the community within the financial and administrative capabilities of the municipality.

The concept of “Quality Services” versus “Financial and Administrative Capabilities” can never be separated from the other, as bad services will ultimately lead to financial difficulties, while delivering services above the financial and administrative capabilities will ultimately lead to service delivery challenges. More commonly, this is referred to as “Council’s Balancing Act”.

In view of the aforementioned, the municipality should always ensure that the capital program of the municipality does not compromise the financial sustainability of the municipality.

The following capital program is proposed by the municipality:

Description	Adjustment Budget		2017/18 Medium Term Revenue & Expenditure Framework					
	2016/17 R'000	2016/17 %	2017/18 R'000	2017/18 %	2018/19 R'000	2018/19 %	2019/20 R'000	2019/20 %
<b>Total Capital</b>	81 428	100%	81 243	100%	79 995	100%	84 276	100%
<u>Funded by:</u>								
Transfers recognised - capital	35 419	44%	35 076	43%	30 037	30%	23 724	25%
Public contributions & donations	999	1%	-	0%	-	0%	-	0%
Borrowing	-	0%	-	0%	4 896	6%	19 336	23%
Internally generated funds	45 010	55%	46 167	57%	45 062	56%	41 216	49%
<b>Total Capital Funding</b>	<b>81 428</b>	<b>100%</b>	<b>81 243</b>	<b>100%</b>	<b>79 995</b>	<b>100%</b>	<b>84 276</b>	<b>100%</b>

The capital budget of R 81, 243 million for 2017/18 is R 0, 185 million less when compared to the adjusted budget for 2016/17. Capital expenditure decreases to R 79, 995 million in 2018/19 and increase to R 84, 276 million in 2019/20. When looking at the entire picture, capital spending from own reserves increased over this MTREF.

### 1.3.1 Financial indicators and benchmarks

The following table sets out the municipalities main performance objectives and benchmarks for the 2017/18 MTREF. (Derived from the National Treasury formats)

Description of financial indicator	Basis of calculation	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b><u>Borrowing Management</u></b>				
Credit Rating				
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	2.8%	2.8%	2.6%
Capital Charges to Own Revenue	Finance charges & Repayment of borrowing /Own Revenue	3.5%	3.3%	3.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure ex cl. transfers and grants and contributions	0.0%	9.8%	31.9%
<b><u>Safety of Capital</u></b>				
Gearing	Long Term Borrowing/ Funds & Reserves	82.8%	79.1%	83.8%
<b><u>Liquidity</u></b>				
Current Ratio	Current assets/current liabilities	3.8	4.2	4.6
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.7	4.1	4.6
Liquidity Ratio	Monetary Assets/Current Liabilities	2.8	2.9	3.2
<b><u>Revenue Management</u></b>				
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing	95.0%	95.0%	95.0%
Current Debtors Collection Rate (Cash receipts % of Ratepayer & Other revenue)		95.0%	95.0%	95.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	17.3%	20.8%	23.5%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old	0.8%	0.8%	0.8%
<b><u>Creditors Management</u></b>				
Creditors System Efficiency	% of Creditors Paid Within Terms (within 'MFMA' s 65(e))	100.0%	100.0%	100.0%
Creditors to Cash and Investments		26.8%	26.1%	24.3%
<b><u>Other Indicators</u></b>				
Electricity Distribution Losses (2)	Total Volume Losses (kW)	11 636 750	11 636 750	11 636 750
	Total Cost of Losses (Rand '000)			
	% Volume (units purchased and generated less units sold)/units purchased and generated	6.12%	6.12%	6.12%
Water Distribution Losses (2)	Total Volume Losses (kℓ)	1 058 029	1 058 029	1 058 029
	Total Cost of Losses (Rand '000)	13 310 005	14 907 629	16 695 698
	% Volume (units purchased and generated less units sold)/units purchased and generated	18.75%	18.50%	18.00%
Employee costs	Employee costs/(Total Revenue - capital revenue)	29.6%	31.2%	31.6%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	31.1%	32.7%	33.1%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	10.4%	7.3%	5.8%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	15.0%	14.9%	14.3%
<b><u>IDP regulation financial viability indicators</u></b>				
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)	17.3	17.7	18.9
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	24.1%	27.8%	31.3%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	7.2	7.4	7.7

## Performance indicators and benchmarks

### 1.3.1.1 Borrowing Management

Capital expenditure in local government can be funded by capital grants, own-source revenue and long term borrowing. The ability of a municipality to raise long term borrowing is largely dependent on its creditworthiness and financial position. As with all other municipalities, Swartland Municipality's borrowing strategy is primarily informed by the affordability of debt repayments. The structure of the Municipality's debt portfolio is dominated by annuity loans. The following financial performance indicators have formed part of the compilation of the 2017/2018 MTREF:

- Capital charges to operating expenditure are a measure of the cost of borrowing in relation to the operating expenditure.
- Borrowing funding of own capital expenditure measures the degree to which own capital expenditure (excluding grants and contributions) has been funded by way of borrowing.

### 1.3.1.2 Safety of Capital

The gearing ratio is a measure of the total long term borrowings over funds and reserves.

### 1.3.1.3 Liquidity

Current ratio is a measure of the current assets divided by the current liabilities and as a benchmark the Municipality has set a limit of 2, hence at no point in time should this ratio be less than 2.

The liquidity ratio is a measure of the ability of the municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a liquidity ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

### 1.3.1.4 Revenue Management

As part of the financial sustainability strategy, an aggressive revenue management framework has been implemented to increase cash inflow, not only from current billings but also from debtors that are in arrears in excess of 90 days. The intention of the strategy is to streamline the revenue value chain by ensuring accurate billing, customer service, credit control and debt collection. Payment levels and credit control is considered to be favorable.

### 1.3.1.5 Creditors Management

The Municipality has managed to ensure that creditors are settled within the legislated 30 days of invoice or statement. This has had a favorable impact on suppliers' perceptions of risk of doing business with the Municipality, which is expected to benefit the Municipality in the form of more competitive pricing of tenders, as suppliers compete for the Municipality's business.

#### 1.3.1.6 Other Indicators

- The electricity distribution losses have been managed to be below the norm of 10%. The initiatives to ensure these targets are achieved include managing illegal connections and theft of electricity.
- The water distribution losses are monitored on a monthly basis and have been kept at acceptable levels.
- Employee costs as a percentage of operating revenue remains relatively constant over the MTREF at approximately 30 per cent. As discussed previously in this report, the employee related costs at the municipality is in line with the benchmarks set in the Western Cape if we exclude items such as bulk purchases and depreciation from the calculations.
- Repairs and maintenance should be approximately 8 per cent over the MTREF to be aligned to benchmarks developed by National Treasury.

### 1.4 Operating Revenue Framework

Section 18 of the Municipal Finance Management Act, 2003, which deals with the funding of expenditure, states as follows:

- (1) "An annual budget may only be funded from –
  - (a) Realistically anticipated revenue to be collected from the approved sources of revenue;
  - (b) Cash-backed accumulated funds from previous financial years' surpluses not committed for other purposes; and
  - (c) Borrowed funds, but only for the capital budget referred to in section 17(2).
- (2) Revenue projections in the budget must be realistic, taking into account –
  - (a) projected revenue for the current year based on collection levels to date; and
  - (b) actual revenue collected in previous years."

In these tough economic times strong revenue management is fundamental to the financial sustainability of every municipality. The reality is that we are faced with development backlogs and poverty. The expenditure required to address these challenges will inevitably always exceed available funding; hence difficult choices have to be made in relation to tariff increases and balancing expenditures against realistically anticipated revenues.

The following table is a summary of the 2017/18 MTREF (classified by main revenue source):

### Summary of revenue classified by main revenue source

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue By Source</b>			
Property rates	96 960	104 222	112 026
Service charges - electricity revenue	250 410	267 263	285 031
Service charges - water revenue	53 537	59 828	66 865
Service charges - sanitation revenue	37 332	39 107	40 506
Service charges - refuse revenue	21 878	22 719	23 562
Service charges - other	–	–	–
Rental of facilities and equipment	3 805	3 982	4 174
Interest earned - external investments	21 876	23 127	24 384
Interest earned - outstanding debtors	1 677	1 811	1 956
Dividends received	–	–	–
Fines	24 848	26 801	28 910
Licences and permits	4 037	4 239	4 451
Agency services	3 600	3 700	3 800
Transfers recognised - operational	117 773	96 303	102 559
Other revenue	10 039	10 321	10 611
Gains on disposal of PPE	200	200	200
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>647 973</b>	<b>663 622</b>	<b>709 036</b>

In line with the formats prescribed by the Municipal Budget and Reporting Regulations, capital transfers and contributions are excluded from the operating statement, as inclusion of these revenue sources would distort the calculation of the operating surplus/deficit.

### Summary of revenue classified by municipal vote (including capital transfers)

Vote Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>			
Vote 1 - Corporate Services	8 629	9 236	9 644
Vote 2 - Civil Services	201 963	199 471	208 145
Vote 3 - Council	237	239	242
Vote 4 - Electricity Services	256 173	270 300	288 370
Vote 5 - Financial Services	152 021	168 135	182 507
Vote 6 - Development Services	29 437	10 904	6 658
Vote 7 - Municipal Manager	–	–	–
Vote 8 - Protection Services	34 589	35 173	37 194
Vote 9 - [NAME OF VOTE 9]	–	–	–
<b>Total Revenue by Vote</b>	<b>683 049</b>	<b>693 459</b>	<b>732 760</b>

### Percentage growth in revenue base by main revenue source

Description R thousand	Current Year 2016/17		2017/18 Medium Term Revenue & Expenditure Framework					
	Adjusted Budget	%	Budget Year 2017/18	%	Budget Year +1 2018/19	%	Budget Year +2 2019/20	%
<b>Revenue By Source</b>								
Property rates	85 129	14%	96 960	15%	104 222	16%	112 026	16%
Service charges - electricity revenue	236 599	39%	250 410	39%	267 263	40%	285 031	40%
Service charges - water revenue	47 604	8%	53 537	8%	59 828	9%	66 865	9%
Service charges - sanitation revenue	29 409	5%	37 332	6%	39 107	6%	40 506	6%
Service charges - refuse revenue	20 905	3%	21 878	3%	22 719	3%	23 562	3%
Service charges - other	–	0%	–	0%	–	0%	–	0%
Rental of facilities and equipment	3 586	1%	3 805	1%	3 982	1%	4 174	1%
Interest earned - external investments	23 800	4%	21 876	3%	23 127	3%	24 384	3%
Interest earned - outstanding debtors	1 483	0%	1 677	0%	1 811	0%	1 956	0%
Dividends received	–	0%	–	0%	–	0%	–	0%
Fines	28 236	5%	24 848	4%	26 801	4%	28 910	4%
Licences and permits	3 475	1%	4 037	1%	4 239	1%	4 451	1%
Agency services	2 939	0%	3 600	1%	3 700	1%	3 800	1%
Transfers recognised - operational	96 530	16%	117 773	18%	96 303	15%	102 559	14%
Other revenue	19 959	3%	10 039	2%	10 321	2%	10 611	1%
Gains on disposal of PPE	200	0%	200	0%	200	0%	200	0%
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>599 853</b>	<b>100%</b>	<b>647 973</b>	<b>100%</b>	<b>663 622</b>	<b>100%</b>	<b>709 036</b>	<b>100%</b>
<b>Total Revenue from Property Rates and Service Charges</b>	<b>419 645</b>	<b>70%</b>	<b>460 118</b>	<b>71%</b>	<b>493 138</b>	<b>74%</b>	<b>527 990</b>	<b>74%</b>

Revenue generated from rates and services charges forms a significant percentage of the revenue basket for the Municipality. Rates and service charge revenues comprise between 70 and 74 percent of the total revenue mix. In the 2017/18 financial year, revenue from rates and services charges amounts to R460, 118 million or 71 per cent of total revenue mix. This figure increases to an estimated R493, 138 million (74%) and R527, 990 million (74%) in the respective financial years of the 2017/18 MTREF.

The municipality remains highly dependent on internal revenue sources to fund the budget. For this reason, the municipality should strive to maintain these revenue streams and if possible explore relevant avenues to increase these revenue sources.

More than 90 per cent of revenue is derived from the following sources:

- 1) Operating and Capital Grants
- 2) Fines
- 3) Property Rates
- 4) Service Charges

### 1.4.1 Operating and Capital Grants

Grants usually fluctuates upwards or downwards from year-to-year as the revenue recognition for such grants depends only on compliance with any conditions attached to such grants and it is also dependent on the funding made available from the other spheres of Government.

The unconditional Equitable Share Grant, however, is a grant growing annually according to a formula determined nationally and such formula is applicable to all local authorities on an equal basis. In line with the significant growth in population numbers over recent years, the municipality has seen a significant increase in the DORA allocation for the Equitable Share over the MTREF period. Although the increase will be significant, the contribution to the total funding mix compared to other municipalities in the Western Cape is still very low.

The following grant allocations are currently factored into the budget of the municipality:

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>RECEIPTS:</b>			
<b><u>Operating Transfers and Grants</u></b>			
<b>National Government:</b>	<b>73 514</b>	<b>83 851</b>	<b>93 734</b>
Local Government Equitable Share	70 560	82 301	92 184
Finance Management	1 550	1 550	1 550
EPWP Incentive	1 404	–	–
<b>Provincial Government:</b>	<b>44 574</b>	<b>12 252</b>	<b>8 825</b>
Community Development Workers	37	37	37
Human Settlements	15 987	–	–
Libraries	7 400	7 855	8 308
Proclaimed Roads Subsidy	19 710	4 000	–
Financial Management Support Grant: Student Bursaries	240	360	480
Fire Service Capacity Building Grant	800	–	–
RSEP/VPUU Municipal Projects	400	–	–
<b>Total Operating Transfers and Grants</b>	<b>118 088</b>	<b>96 103</b>	<b>102 559</b>
<b><u>Capital Transfers and Grants</u></b>			
<b>National Government:</b>	<b>24 608</b>	<b>22 637</b>	<b>23 724</b>
Municipal Infrastructure Grant (MIG)	21 608	22 637	23 724
Integrated National Electrification Programme (municipal)	3 000	–	–
<b>Provincial Government:</b>	<b>12 113</b>	<b>3 500</b>	<b>–</b>
Human Settlements	6 263	–	–
RSEP/VPUU Municipal Projects	5 750	3 500	–
Libraries	100	–	–
<b>Total Capital Transfers and Grants</b>	<b>36 721</b>	<b>26 137</b>	<b>23 724</b>
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>	<b>154 809</b>	<b>122 240</b>	<b>126 283</b>



### 1.4.2 Property Rates

Property rates cover the cost of the provision of general services. Determining the effective property rate tariff is therefore an integral part of the municipality's budgeting process.

The following stipulations in the Property Rates Policy applicable to the 2017/2018 year are highlighted:

- The first R15 000 of the market value of a property used for residential purposes is excluded from the rate-able value (Section 17(h) of the MPRA);
- 100 per cent rebate will be granted to registered indigents in terms of the Indigent Policy to a maximum valuation of R95 000;
- For pensioners and disabled persons, in terms of the Council's Property Rates Policy, a rebate of the rates payable equal to R300 000 of the valuation of the property will be granted to owners of rate-able property if such person becomes 65 in the financial year subject to application by September of the previous calendar year .

The categories of rate-able properties for purposes of levying rates and the proposed rates for the 2017/18 financial year are as follows:

Property Rates	Tariff per c/R			
	2016/2017	2017/2018	2018/2019	2019/2020
Residential Households	0.005449	0.005776	0.006122	0.006490
Businesses	0.006811	0.007356	0.007944	0.008580
Businesses: Agricultural Areas	0.006811	0.007356	0.007944	0.008580
Government Properties	0.006811	0.007356	0.007944	0.008580
Previous: Geographical Areas	0.002452	0.005776	0.006122	0.006490
Agricultural Areas @ 25% of Residential Household	0.001090	0.001444	0.001531	0.001623

Recent investigations indicated that rates applicable to businesses were relatively lower compared to other major municipalities. This warranted an increase of 2% over and above the 6% general increase provided. These increases are more or less in line with the upper limit of the South African Reserve Bank's inflation target.

### 1.4.3 Sale of Water and Impact of Tariff Increases

National Treasury is encouraging all municipalities to carefully review the level and structure of their water tariffs to ensure:

- Water tariffs are fully cost-reflective – currently Swartland does not have a basic charge on water and this will be further considered in the 2018 budget process;
- Water tariffs are structured to preserve basic levels of service and ensure the provision of free water to the poorest of the poor (indigent);
- Water tariffs are designed to encourage efficient and sustainable consumption.

Due to the dire state and scarcity of water in the Western Cape and more specifically the fact that there seem to be agreement amongst the experts in the field of climate change and longer term weather prediction patterns, that the dam levels will not drastically improve over the short to medium term, Council has no choice but to no longer provide any free water to all users other than registered indigent consumers.

What further compounds the situation is the fact that Water Service currently operates at a deficit resulting in other sources of revenue streams being utilised for purposes of water infrastructure development and refurbishment. The comments from the Provincial Treasury is very clear in this regard and requires that trading services not be operated at a deficit but that surpluses be built into the tariff to make provision for future refurbishment in a bid to ensure the sustainability of the service. Whilst Council planned to phase the free water out over the next 3 years in a bid to ease the financial burden placed on its consumers, this is no longer an option given the water scarcity and critically low dam levels.

Given the water scarcity and the fact that Council might be duty bound to further restrict water consumption and implement stricter water saving measures, Council has no choice but to limit subsidised free water to Indigent Consumers to the nationally allowed limit of 6kl per qualifying household.

Notwithstanding the above crises situation, the increases in charges of the other main services also dependent on water were kept below the headline inflation outlook of around 6.1%. The introduction of a life line tariff replacing the free 3 kl of water to other household consumers is necessitated and is priced at R 4,50 excluding VAT for usage ≤ to 4 kilolitres per month

R thousand	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2017/2018 (R'000)	2018/2019 (R'000)	2019/2020 (R'000)
Revenue – Water Management	61 067	65 481	75 392	83 317
Expenditure – Water Management	54 901	56 436	60 517	65 481
<b>Net Surplus / (Deficit)</b>	<b>6 166</b>	<b>9 045</b>	<b>14 875</b>	<b>17 836</b>
<b>Net Surplus / (Deficit) %</b>	<b>10%</b>	<b>14%</b>	<b>20%</b>	<b>21%</b>
<b>Net Surplus / (Deficit) % (excluding operating and capital grants)</b>	<b>-8%</b>	<b>-2%</b>	<b>1%</b>	<b>3%</b>

A summary of the tariffs for households (residential) and non-residential are as follows:

<b>Water</b>	<b>2016/2017</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
Household: 0 - 4 kl	R -	R 4.50	R 5.04	R 5.65
Household: 5 - 25 Kl	R 11.23	R 12.58	R 14.09	R 15.78
Household: 26 - 50 Kl	R 15.46	R 17.32	R 19.39	R 21.72
Household: 51 and more	R 23.94	R 26.81	R 30.03	R 33.63
Equitable Share Households: 6 kl Free	Free	Free	Free	Free
7 - 25 Kl	R 11.23	R 12.58	R 14.09	R 15.78
26 - 50 Kl	R 15.46	R 17.32	R 19.39	R 21.72
51 and more	R 23.94	R 26.81	R 30.03	R 33.63
Business	R 15.95	R 17.86	R 20.01	R 22.41
Business: Farms	R 15.95	R 17.86	R 20.01	R 22.41
Sport Clubs	R 13.49	R 15.11	R 16.92	R 18.95
Departmental water consumption	R 11.23	R 12.58	R 14.09	R 15.78
Farms Household: 0 - 4 kl	R -	R 4.50	R 5.04	R 5.65
Farms Household: 5 - 25 Kl	R 11.23	R 12.58	R 14.09	R 15.78
Farms Household: 26 - 50 Kl	R 15.46	R 17.32	R 19.39	R 21.72
Farms Household: 51 and more	R 23.94	R 26.81	R 30.03	R 33.63

The following increases are factored into the tariffs above:

<b>Water</b>	<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
Household: 0 - 4 kl	n/a	12.00%	12.00%
Household: 5 - 25 Kl	12.00%	12.00%	12.00%
Household: 26 - 50 Kl	12.00%	12.00%	12.00%
Household: 51 and more	12.00%	12.00%	12.00%
Equitable Share Households: 6 kl Free			
7 - 25 Kl	12.00%	12.00%	12.00%
26 - 50 Kl	12.00%	12.00%	12.00%
51 and more	12.00%	12.00%	12.00%
Business	12.00%	12.00%	12.00%
Business: Farms	12.00%	12.00%	12.00%
Sport Clubs	12.00%	12.00%	12.00%
Departmental water consumption	12.00%	12.00%	12.00%
Farms Household: 0 - 4 kl	n/a	12.00%	12.00%
Farms Household: 5 - 25 Kl	12.00%	12.00%	12.00%
Farms Household: 26 - 50 Kl	12.00%	12.00%	12.00%
Farms Household: 51 and more	12.00%	12.00%	12.00%

It is still required to keep this tariff increase above the guideline tariff adjustment of 6.1% as result of the funded shortages realised and the requirement to ensure that surpluses are realised to fund future capital refurbishment and replacement.

#### 1.4.4 Sale of Electricity and Impact of Tariff Increases

Electricity is regarded as a trading account which should operate at a significant profit. From the table below it is clearly evident that the gross profit margin has been placed under pressure due to the inability of the municipality to pass all bulk tariff increases on to the consumer.

NERSA approved an electricity bulk purchases increase amounting to 0.31% effective from 1 July 2017. Tariff increases are however regulated by Nersa resulting in the gross profit derived from the electricity service decreasing initially over a ten-year period and stabilizing during the budget period.

The likely potential that NERSA approves much higher increases to ESKOM over the outer years of the multi-year budget in light of the much smaller than anticipated increase in bulk purchases allowed to ESKOM for the 2017-2018 financial year which resulted in only a 1,88% to Councils electricity consumers.

The service is still operating at a surplus over the MTREF and the surpluses generated are expected to be higher over the MTREF when compared to the 2016/17 financial year.

R thousand	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2017/2018 (R'000)	2018/2019 (R'000)	2019/2020 (R'000)
Revenue – Electricity	244 642	256 173	270 300	288 370
Expenditure – Electricity	216 717	214 552	230 260	247 864
<b>Net Surplus / (Deficit)</b>	<b>27 925</b>	<b>41 621</b>	<b>40 040</b>	<b>40 505</b>
<b>Net Surplus / (Deficit) %</b>	<b>11%</b>	<b>16%</b>	<b>15%</b>	<b>14%</b>
<b>Net Surplus / (Deficit) % (excluding operating and capital grants)</b>	<b>9%</b>	<b>14%</b>	<b>14%</b>	<b>13%</b>

With the proposed increases in tariffs relating to electricity largely beyond the control of the municipality, measures should be put in place to curb expenditure and electricity losses (which is already very low compared to industry standards) to ensure the service remains profitable in the foreseeable future. Electricity losses during 2014/15 and 2015/16 audited financial years were calculated at only 5.71 per cent and 6.12 per cent respectively.

The following table shows the impact of the proposed increases in electricity tariffs on the electricity charges for customers over the MTREF period, keeping in mind that NERSA determines same on an annual basis and therefore reliance cannot be placed on the figures in the 2 outer years.

Electricity		2016/2017	2017/2018	2018/2019	2019/2020
1	Households and Farming Consumers Basic	R 166.5361	R 169.6670	R 182.7313	R 196.8016
1	Households and Farming Consumers per kWh:-				
1	(0-50kWh)	R 0.8400	R 0.8558	R 0.9217	R 0.9927
1	(51-350kWh)	R 1.0800	R 1.1003	R 1.1850	R 1.2763
1	(351-600kWh)	R 1.5200	R 1.5486	R 1.6678	R 1.7962
1	(>600kWh)	R 1.7900	R 1.8237	R 1.9641	R 2.1153
2	Commerce / Non Standard . Basic Ampere	R 7.8175	R 7.9644	R 8.5777	R 9.2382
2	Commerce / Non Standard .per kWh	R 1.401379	R 1.427725	R 1.537660	R 1.656060
2	Commerce Basic < 20KVA	R 423.5779	R 431.5412	R 464.7698	R 500.5571
2	Commerce Basic 20 to 40 KVA	R 557.1579	R 567.6325	R 611.3402	R 658.4134
2	Commerce Basic >40 KVA	R 1 016.8644	R 1 035.9815	R 1 115.7520	R 1 201.6649
2	Commerce Basic < 20KVA per kWh	R 1.401379	R 1.427725	R 1.537660	R 1.656060
2	Commerce Basic 20 to 40 KVA per kWh	R 1.401379	R 1.427725	R 1.537660	R 1.656060
2	Commerce Basic >40 KVA per kWh	R 1.401379	R 1.427725	R 1.537660	R 1.656060
3	Bulk Consumers Basic	R 1 146.2714	R 1 167.8213	R 1 257.7435	R 1 354.5898
3	Bulk Consumers - kWh	R 0.5390	R 0.5491	R 0.5914	R 0.6370
3	Bulk Consumers - Max. Demand KVA	R 220.5258	R 224.6717	R 241.9714	R 260.6032
4	Retail Consumers - Per kWh	R 1.9210	R 1.9498	R 2.099951	R 2.261647
5	Alternative - Households 20 Amp:-				
5	(0-50kWh)	R 0.7700	R 0.7845	R 0.8449	R 0.9099
5	(51-350kWh)	R 1.0100	R 1.0290	R 1.1082	R 1.1936
5	(351-600kWh)	R 1.4400	R 1.4671	R 1.5800	R 1.7017
5	(>600kWh)	R 1.7299	R 1.7625	R 1.8982	R 2.0444
6	Street Lights	R 0.8864	R 0.9031	R 0.9726	R 1.0475
7	Prepaid - Indigent ready bord:-				
7	(0-50kWh)	R 0.7700	R 0.7845	R 0.8449	R 0.9099
7	(51-350kWh)	R 1.0100	R 1.0290	R 1.1082	R 1.1936
7	(351-600kWh)	R 1.4400	R 1.4671	R 1.5800	R 1.7017
7	(>600kWh)	R 1.7299	R 1.7625	R 1.8982	R 2.0444
8	Commercial Pre paid	R 1.8729	R 1.9081	R 2.0550	R 2.2133
9	Sports Grounds	R 2.9449	R 2.9449	R 3.1717	R 3.4159
10	Bulk time of use tariff	R 1 146.2714	R 1 167.8213	R 1 257.74	R 1 354.59
10	<i>Tou Low Consumption</i>				
10	Peak (kWh)	R 0.923202	R 0.946282	R 1.019146	R 1.097620
10	Standard (kWh)	R 0.635341	R 0.651225	R 0.701369	R 0.755374
10	Off peak (kWh)	R 0.402958	R 0.413032	R 0.444835	R 0.479088

Electricity		2016/2017	2017/2018	2018/2019	2019/2020
10	<i>Tou high Consumption</i>				
10	Peak (kWh)	R 2.830318	R 2.901076	R 3.124459	R 3.365042
10	Standard (kWh)	R 0.857381	R 0.878816	R 0.946484	R 1.019364
10	Off peak (kWh)	R 0.465495	R 0.477132	R 0.513872	R 0.553440
10	Maksimum aanvraag KVA	R 147.9022	R 150.6828	R 162.2853	R 174.7813
11	Net Metering: Households Non-Indigent				
11	Household Consumer Basic	R 166.5415	R 169.6670	R 182.7313	R 196.8016
11	Import kWh (supplied by municipality) 1 < 600 kWh	R 1.2718	R 1.2957	R 1.3955	R 1.5029
11	Import kWh (supplied by municipality) 2 > 600 kWh	R 1.7900	R 1.8237	R 1.9641	R 2.1153
11	Export kWh (supplied to mun-max/month<import kWh)	R 0.6850	R 0.6979	R 0.7516	R 0.8095
12	Prepaid - Households:- Non Indigent (Per kWh)				
12	(0-350kWh)	R 1.6049	R 1.6351	R 1.7610	R 1.8966
12	> 350 kWh	R 1.7235	R 1.7559	R 1.8911	R 2.0367

The following increases are factored into the tariffs above:

Electricity		2017/2018	2018/2019	2019/2020
1	Households and Farming Consumers Basic	1.88%	7.70%	7.70%
1	Households and Farming Consumers per kWh:-			
1	(0-50kWh)	1.88%	7.70%	7.70%
1	(51-350kWh)	1.88%	7.70%	7.70%
1	(351-600kWh)	1.88%	7.70%	7.70%
1	(>600kWh)	1.88%	7.70%	7.70%
2	Commerce / Non Standard . Basic Ampere	1.88%	7.70%	7.70%
2	Commerce / Non Standard .per kWh	1.88%	7.70%	7.70%
2	Commerce Basic < 20KVA	1.88%	7.70%	7.70%
2	Commerce Basic 20 to 40 KVA	1.88%	7.70%	7.70%
2	Commerce Basic >40 KVA	1.88%	7.70%	7.70%
2	Commerce Basic < 20KVA per kWh	1.88%	7.70%	7.70%
2	Commerce Basic 20 to 40 KVA per kWh	1.88%	7.70%	7.70%
2	Commerce Basic >40 KVA per kWh	1.88%	7.70%	7.70%
3	Bulk Consumers Basic	1.88%	7.70%	7.70%
3	Bulk Consumers - kWh	1.88%	7.70%	7.70%
3	Bulk Consumers - Max. Demand KVA	1.88%	7.70%	7.70%
4	Retail Consumers - Per kWh	1.50%	7.70%	7.70%

<b>Electricity</b>		<b>2017/2018</b>	<b>2018/2019</b>	<b>2019/2020</b>
<b>5</b>	<b>Alternative - Households 20 Amp.:-</b>			
<b>5</b>	<b>(0-50kWh)</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>5</b>	<b>(51-350kWh)</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>5</b>	<b>(351-600kWh)</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>5</b>	<b>(&gt;600kWh)</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>6</b>	<b>Street Lights</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>7</b>	<b>Prepaid - Indigent ready bord:-</b>			
<b>7</b>	<b>(0-50kWh)</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>7</b>	<b>(51-350kWh)</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>7</b>	<b>(351-600kWh)</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>7</b>	<b>(&gt;600kWh)</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>8</b>	<b>Commercial Pre paid</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>9</b>	<b>Sports Grounds</b>	<b>0.00%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>10</b>	<b>Bulk time of use tariff</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>10</b>	<b><i>Tou Low Consumption</i></b>			
<b>10</b>	<b>Peak (kWh)</b>	<b>2.50%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>10</b>	<b>Standard (kWh)</b>	<b>2.50%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>10</b>	<b>Off peak (kWh)</b>	<b>2.50%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>10</b>	<b><i>Tou high Consumption</i></b>			
<b>10</b>	<b>Peak (kWh)</b>	<b>2.50%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>10</b>	<b>Standard (kWh)</b>	<b>2.50%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>10</b>	<b>Off peak (kWh)</b>	<b>2.50%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>10</b>	<b>Maksimum aanvraag KVA</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>11</b>	<b>Net Metering: Households Non-Indigent</b>			
<b>11</b>	<b>Household Consumer Basic</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>11</b>	<b>Import kWh (supplied by municipality) 1 &lt; 600 kWh</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>11</b>	<b>Import kWh (supplied by municipality) 2 &gt; 600 kWh</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>11</b>	<b>Export kWh (supplied to mun-max/month&lt;import kW</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>12</b>	<b>Prepaid - Households:- Non Indigent (Per kWh)</b>			
<b>12</b>	<b>(0-350kWh)</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>
<b>12</b>	<b>&gt; 350 kWh</b>	<b>1.88%</b>	<b>7.70%</b>	<b>7.70%</b>

### 1.4.5 Sanitation and Impact of Tariff Increases

The percentage of households with access to a flush toilet connected to sewage system or a chemical toilet improved from 90.98% in 2011 to 96.22% in 2016. In order to contribute to this service delivery backlog, it is very important for the service to be operated at a surplus and to ensure that it's managed in a sustainable manner.

The table below indicates that the service will be cost reflective during 2017/18 as well as the remainder of the MTREF.

R thousand	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2017/2018 (R'000)	2018/2019 (R'000)	2019/2020 (R'000)
Revenue – Sanitation	53 881	67 930	71 593	75 242
Expenditure – Sanitation	46 035	52 778	54 764	57 501
<b>Net Surplus / (Deficit)</b>	<b>7 845</b>	<b>15 152</b>	<b>16 829</b>	<b>17 741</b>
<b>Net Surplus / (Deficit) %</b>	<b>15%</b>	<b>22%</b>	<b>24%</b>	<b>24%</b>
<b>Net Surplus / (Deficit) % (excluding operating and capital grants)</b>	<b>-20%</b>	<b>-24%</b>	<b>-23%</b>	<b>-24%</b>

The following proposed tariffs were incorporated in the MTREF:

Sanitation	2016/2017	2017/2018	2018/2019	2019/2020
Swartland 2 nd point	R 29.10	R 30.85	R 32.70	R 34.66
Swartland 1 st point	R 193.99	R 205.63	R 217.97	R 231.05
Sanitation Domestic pumpings 1 st 2 p.m.	R 193.99	R 205.63	R 217.97	R 231.05
Riebeek Wes Flow over 50% discount	R 96.99	R 102.81	R 108.98	R 115.52

An increase of only 6% is factored into the tariffs during 2017/18 as well as for the 2 outer years.

### 1.4.6 Waste Removal and Impact of Tariff Increases

Solid waste removal is operating at a small surplus which indicates that the tariffs are cost reflective. The service however remains cost reflective over the entire MTREF.



R thousand	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
	Adjustment Budget	2017/2018 (R'000)	2018/2019 (R'000)	2019/2020 (R'000)
Revenue – Refuse	33 799	35 803	37 691	39 917
Expenditure – Refuse	29 372	29 828	32 061	34 894
<b>Net Surplus / (Deficit)</b>	<b>4 427</b>	<b>5 975</b>	<b>5 630</b>	<b>5 023</b>
<b>Net Surplus / (Deficit) %</b>	<b>13%</b>	<b>17%</b>	<b>15%</b>	<b>13%</b>
<b>Net Surplus / (Deficit) % (excluding operating and capital grants)</b>	<b>-19%</b>	<b>-16%</b>	<b>-20%</b>	<b>-23%</b>

The following table compares current and proposed amounts payable from 1 July 2017:

Refuse Removal	2016/2017	2017/2018	2018/2019	2019/2020
Bonny Bird Farms	R 107.18	R 113.61	R 120.43	R 127.65
Bulk Containers	R 643.10	R 681.66	R 722.56	R 765.92
Commerce ( Moorreesburg Only )	R 107.18	R 113.61	R 120.43	R 127.65
Peri Urban Areas	R 107.18	R 113.61	R 120.43	R 127.65
All Other	R 107.18	R 113.61	R 120.43	R 127.65

The following increases are proposed over the MTREF:

Refuse Removal	2017/2018	2018/2019	2019/2020
Bonny Bird Farms	6.00%	6.00%	6.00%
Bulk Containers	6.00%	6.00%	6.00%
Commerce ( Moorreesburg Only )	6.00%	6.00%	6.00%
Peri Urban Areas	6.00%	6.00%	6.00%
All Other	6.00%	6.00%	6.00%

An increase of 6% is factored into the tariffs during 2017/18 as well as for the 2 outer years.

### Overall impact of tariff increases on households

The following table shows the overall expected impact of the tariff increases on various households.

Description	2017/18 Medium Term Revenue & Expenditure Framework			
	Budget Year 2017/18 % incr.	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Rand/cent</b>				
<b><u>Monthly Account for Household - 'Middle Income Range'</u></b>				
<b>Rates and services charges:</b>				
Property rates	6.0%	336.93	357.12	378.58
Electricity: Basic levy	1.9%	169.67	172.86	176.11
Electricity: Consumption	1.9%	1 489.49	1 517.49	1 546.02
Water: Basic levy				
Water: Consumption	12.0%	345.03	386.43	432.80
Sanitation	6.0%	205.63	217.97	231.05
Refuse removal	6.0%	113.61	120.43	127.65
Other				
<b>sub-total</b>	–	<b>2 660.35</b>	<b>2 772.29</b>	<b>2 892.21</b>
VAT on Services		325.28	351.64	380.24
<b>Total large household bill:</b>	–	<b>2 985.63</b>	<b>3 123.93</b>	<b>3 272.45</b>
<b>% increase/-decrease</b>		–	4.6%	4.8%
<b><u>Monthly Account for Household - 'Affordable Range'</u></b>				
<b>Rates and services charges:</b>				
Property rates	6.0%	240.67	255.08	270.42
Electricity: Basic levy	1.9%	169.67	172.86	176.11
Electricity: Consumption	1.9%	605.17	616.54	628.14
Water: Basic levy				
Water: Consumption	12.0%	282.14	316.00	353.92
Sanitation	6.0%	205.63	217.97	231.05
Refuse removal	6.0%	113.61	120.43	127.65
Other				
<b>sub-total</b>	–	<b>1 616.88</b>	<b>1 698.87</b>	<b>1 787.27</b>
VAT on Services		192.67	208.44	225.59
<b>Total small household bill:</b>	–	<b>1 809.55</b>	<b>1 907.32</b>	<b>2 012.86</b>
<b>% increase/-decrease</b>		–	5.4%	5.5%
<b><u>Monthly Account for Household - 'Indigent' Household receiving free basic services</u></b>				
<b>Rates and services charges:</b>				
Property rates	6.0%	125.67	135.71	146.58
Electricity: Basic levy				
Electricity: Consumption	1.9%	308.70	379.89	387.03
Water: Basic levy				
Water: Consumption	12.0%	176.09	197.22	220.88
Sanitation	6.0%	205.63	217.97	231.05
Refuse removal	6.0%	113.61	120.43	127.65
Other				
<b>sub-total</b>	–	<b>929.69</b>	<b>1 051.21</b>	<b>1 113.19</b>
VAT on Services		112.56	128.17	135.33
<b>Total small household bill:</b>	–	<b>1 042.25</b>	<b>1 179.38</b>	<b>1 248.51</b>
<b>% increase/-decrease</b>		–	13.2%	5.9%

### 1.4.7 Fines

Fines represent approximately 4 per cent of the revenue mix of the municipality. The fines collection rate during 2016/17 amounted to 26.52 per cent. The 2017/18 MTREF leaves room for much improvement in the recovery rate of fines in order to maximize the revenue stream in order to further improve the cash flow position of the municipality.

## 1.5 Operating Expenditure Framework

Municipalities are still urged to implement the cost containment measures on six focus areas namely, consultancy fees, no credit cards, travel and related costs, advertising, catering, events costs and accommodation. With the implementation of cost containment measures, municipalities must control unnecessary spending on nice-to-have items and non-essential and non-priority activities. In this regard Swartland Municipality started with the initiative some years ago already and can safely confirm that all expenditure types are consolidated and inefficiencies eradicated as a result of tone at the top and the exercising of effective management oversight responsibility.

The following table is a high level summary of the 2017/18 budget and MTREF (classified per main type of operating expenditure):

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>Expenditure By Type</b>			
Employee related costs	191 872	207 092	224 407
Remuneration of councillors	9 448	10 015	10 616
Debt impairment	15 718	17 058	18 419
Depreciation & asset impairment	83 983	85 948	88 837
Finance charges	13 507	13 065	12 524
Bulk purchases	208 391	225 669	244 416
Other materials	–	–	–
Contracted services	86 452	60 349	49 942
Transfers and subsidies	2 552	2 757	2 893
Other expenditure	38 279	40 572	43 126
Loss on disposal of PPE	2 364	2 482	2 606
<b>Total Expenditure</b>	<b>652 566</b>	<b>665 007</b>	<b>697 785</b>
<b>Surplus/(Deficit)</b>	<b>(4 593)</b>	<b>(1 385)</b>	<b>11 251</b>
Transfers recognised - capital	35 076	29 837	23 724
Contributions recognised - capital	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>

- The budgeted allocation for employee related costs (excluding Remuneration of Councillors) for the 2017/18 financial year totals R191, 872 million, which equals 29.40 per cent of total operating expenditure. This result is in line with the national norm of 25% - 40%. The room for any upwards adjustments in employee related costs over and above the current levels are very limited and should be carefully considered before employing additional officials.

- The cost associated with the remuneration of councilors is determined by the Minister of Co-operative Governance and Traditional Affairs in accordance with the Remuneration of Public Office Bearers Act, 1998 (Act 20 of 1998). The most recent proclamation in this regard has been taken into account in compiling the Municipality's budget.
- The provision of debt impairment was determined based on historical actual collection rates of receivables.
- Provision for depreciation and asset impairment has been informed by the Municipality's Asset Management Policy. Depreciation is widely considered a proxy for the measurement of the rate of asset consumption. Budget appropriations are expected to remain high over the MTREF. These high appropriations can mainly be attributed to the large capital program employed by the municipality in recent years as well as the valuation method used during the implementation of Directive 7. Compared to industry benchmarks, the depreciation figure is considered to be very high:
- Finance charges consist primarily of the repayment of interest on long-term borrowing (cost of capital). The municipality is planning on taking up an additional loan for sewerage capital projects planned from 2018/19 to 2022/23 amounting to ± R 43.708 million.
- Bulk purchases are directly informed by the purchase of electricity from Eskom and water from the West Coast District Municipality. The indicative annual price increases have been factored into the budget appropriations and directly inform the revenue provisions. The expenditures include distribution losses.
- Other expenditure comprises of various line items relating to the daily operations of the municipality.

### **1.5.1 Priority given to repairs and maintenance**

National Treasury observed that budget appropriations for asset renewal as part of the capital program and operational repairs and maintenance of existing asset infrastructure is still not receiving adequate priority by municipalities, regardless of guidance supplied in previous Budget Circulars. Asset management is a strategic imperative for any municipality and needs to be prioritised as a spending objective in the budget of municipalities.

Currently the municipality is not achieving these targets as indicated below as the municipality is also not able to increase tariffs in an unsustainable manner and therefore careful consideration is given to the management and upkeep of assets. With the implementation of mSCOA on 1 July 2017 the complete nature of repairs and maintenance will change from the norm recorded previously. No significant indication of the impact of this expenditure can be calculated at this stage.

The municipality should ensure that a detailed asset management program is implemented to ensure that repairs and maintenance are structured to ensure the sustainability of infrastructure networks.

### 1.5.2 Free Basic Services: Basic Social Services Package

The social package assists households that are poor or face other circumstances that limit their ability to pay for services. To receive these free services the households are required to register in terms of the Municipality's Indigent Policy. The target is to register all indigent households during the 2017/18 financial year, a process reviewed annually. Detail relating to free services, cost of free basis services, revenue lost owing to free basic services as well as basic service delivery measurement is contained in Table A10 (Basic Service Delivery Measurement).

The cost of the social package of the registered indigent households is financed by the municipality's unconditional equitable share grant, allocated in terms of the Constitution to local government, and received in terms of the annual Division of Revenue Act. Indigent expenditure totals R44.018 million in 2017/18 and it will increase to R60.810 million and R 66.567 million in the outer years of the MTREF. Cost of Free Basic Services does not include the other administration and actual expenditure incurred on indigent consumers

#### Subsidies for indigent households are set out below:

1	Rates free of charge to the value based on market value of his property to the maximum of R95 000 (R15 000 impermissible tax excluded)
2	50 kWh free electricity per month
3	6 kiloliters of water free per month
4	Free refuse x 4 removals per month
5	Free sewerage per month

For the month of March 2017, support was provided to the following indigent households:

Number of indigent households: 8 240

- Number with access to free basic water: 8 240
- Number with access to free basic electricity: 5 299
- Number provided by ESKOM: 1 997
- Number with access to free basic sanitation: 7 804
- Number with access to free basic refuse removal: 8 065

## 1.6 Capital expenditure

Based on appropriations per vote, the allocations are as follows:

Vote Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>			
<b>Multi-year expenditure to be appropriated</b>			
Vote 1 - Corporate Services	—	—	—
Vote 2 - Civil Services	19 931	24 611	34 627
Vote 3 - Council	—	—	—
Vote 4 - Electricity Services	—	—	—
Vote 5 - Financial Services	—	—	—
Vote 6 - Development Services	7 663	6 500	1 000
Vote 7 - Municipal Manager	—	—	—
Vote 8 - Protection Services	—	—	—
<b>Capital multi-year expenditure sub-total</b>	<b>27 595</b>	<b>31 111</b>	<b>35 627</b>
<b>Single-year expenditure to be appropriated</b>			
Vote 1 - Corporate Services	7 312	250	53
Vote 2 - Civil Services	23 465	30 652	35 691
Vote 3 - Council	6	6	662
Vote 4 - Electricity Services	9 425	9 516	9 900
Vote 5 - Financial Services	706	440	255
Vote 6 - Development Services	10 762	1 429	449
Vote 7 - Municipal Manager	6	6	10
Vote 8 - Protection Services	1 967	6 585	1 629
<b>Capital single-year expenditure sub-total</b>	<b>53 648</b>	<b>48 884</b>	<b>48 649</b>
<b>Total Capital Expenditure - Vote</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>

The following table provides more information on the breakdown of the capital budget.

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>CAPITAL EXPENDITURE</b>			
<b>Total New Assets</b>	<b>43 008</b>	<b>45 362</b>	<b>16 495</b>
Roads Infrastructure	10 770	3 278	400
Electrical Infrastructure	3 000	—	—
Water Supply Infrastructure	651	8 674	2 663
Sanitation Infrastructure	12 890	8 050	30
<b>Infrastructure</b>	<b>27 311</b>	<b>20 002</b>	<b>3 093</b>
Community Facilities	2 900	2 150	550
Sport and Recreation Facilities	3 200	7 950	1 000
<b>Community Assets</b>	<b>6 100</b>	<b>10 100</b>	<b>1 550</b>

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>Heritage Assets</b>	–	–	–
<b>Investment properties</b>	–	–	–
Operational Buildings	860	–	–
<b>Other Assets</b>	<b>860</b>	–	–
<b>Intangible Assets</b>	–	–	–
<b>Computer Equipment</b>	<b>1 295</b>	<b>481</b>	<b>980</b>
<b>Furniture and Office Equipment</b>	<b>124</b>	<b>278</b>	<b>95</b>
<b>Machinery and Equipment</b>	<b>6 337</b>	<b>10 872</b>	<b>6 256</b>
<b>Transport Assets</b>	<b>981</b>	<b>3 629</b>	<b>4 521</b>
<b>Total Renewal of Existing Assets</b>	<b>13 302</b>	<b>19 266</b>	<b>42 964</b>
Electrical Infrastructure	6 200	7 800	8 000
Water Supply Infrastructure	7 102	11 466	34 964
<b>Infrastructure</b>	<b>13 302</b>	<b>19 266</b>	<b>42 964</b>
<b>Community Assets</b>	–	–	–
<b>Transport Assets</b>	–	–	–
<b>Total Upgrading of Existing Assets</b>	<b>24 932</b>	<b>15 367</b>	<b>24 817</b>
Roads Infrastructure	10 000	12 664	12 000
Storm water Infrastructure	–	–	3 220
Solid Waste Infrastructure	–	–	3 700
<b>Infrastructure</b>	<b>10 000</b>	<b>12 664</b>	<b>18 920</b>
Community Facilities	900	400	–
Sport and Recreation Facilities	6 972	2 303	5 897
<b>Community Assets</b>	<b>7 872</b>	<b>2 703</b>	<b>5 897</b>
<b>Heritage Assets</b>	–	–	–
<b>Investment properties</b>	–	–	–
Housing	7 060	–	–
<b>Other Assets</b>	<b>7 060</b>	–	–
<b>Transport Assets</b>	–	–	–
<b>Total Capital Expenditure</b>			
Roads Infrastructure	20 770	15 942	12 400
Storm water Infrastructure	–	–	3 220
Electrical Infrastructure	9 200	7 800	8 000
Water Supply Infrastructure	7 753	20 140	37 627
Sanitation Infrastructure	12 890	8 050	30
Solid Waste Infrastructure	–	–	3 700
<b>Infrastructure</b>	<b>50 613</b>	<b>51 932</b>	<b>64 977</b>
Community Facilities	3 800	2 550	550
Sport and Recreation Facilities	10 172	10 253	6 897
<b>Community Assets</b>	<b>13 972</b>	<b>12 803</b>	<b>7 447</b>
Operational Buildings	860	–	–
Housing	7 060	–	–
<b>Other Assets</b>	<b>7 920</b>	–	–
<b>Intangible Assets</b>	–	–	–
<b>Computer Equipment</b>	<b>1 295</b>	<b>481</b>	<b>980</b>
<b>Furniture and Office Equipment</b>	<b>124</b>	<b>278</b>	<b>95</b>
<b>Machinery and Equipment</b>	<b>6 337</b>	<b>10 872</b>	<b>6 256</b>
<b>Transport Assets</b>	<b>981</b>	<b>3 629</b>	<b>4 521</b>
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>

## 1.7 Annual Budget Tables

The following pages present the ten main budget tables as required in terms of section 8 of the Municipal Budget and Reporting Regulations. These tables set out the municipality's 2017/18 budget and MTREF to be approved by the Council. Each table is accompanied by *explanatory notes* on the facing page.

### MBRR Table A1 - Budget Summary

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>			
<b><u>Financial Performance</u></b>			
Property rates	96 960	104 222	112 026
Service charges	363 158	388 916	415 964
Investment revenue	21 876	23 127	24 384
Transfers recognised - operational	117 773	96 303	102 559
Other own revenue	48 206	51 054	54 103
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>647 973</b>	<b>663 622</b>	<b>709 036</b>
Employee costs	191 872	207 092	224 407
Remuneration of councillors	9 448	10 015	10 616
Depreciation & asset impairment	83 983	85 948	88 837
Finance charges	13 507	13 065	12 524
Materials and bulk purchases	208 391	225 669	244 416
Transfers and grants	2 552	2 757	2 893
Other expenditure	142 813	120 461	114 093
<b>Total Expenditure</b>	<b>652 566</b>	<b>665 007</b>	<b>697 785</b>
<b>Surplus/(Deficit)</b>	<b>(4 593)</b>	<b>(1 385)</b>	<b>11 251</b>
Transfers recognised - capital	35 076	29 837	23 724
Contributions recognised - capital & contributed assets	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>
Share of surplus/ (deficit) of associate	–	–	–
<b>Surplus/(Deficit) for the year</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>
<b><u>Capital expenditure &amp; funds sources</u></b>			
<b>Capital expenditure</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>
Transfers recognised - capital	35 076	30 037	23 724
Public contributions & donations	–	–	–
Borrowing	–	4 896	19 336
Internally generated funds	46 167	45 062	41 216
<b>Total sources of capital funds</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>
<b><u>Financial position</u></b>			
Total current assets	443 269	481 000	543 530
Total non current assets	1 798 286	1 789 830	1 782 642
Total current liabilities	115 555	113 720	116 961
Total non current liabilities	189 694	192 352	209 478
Community wealth/Equity	1 936 306	1 964 758	1 999 733



Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>			
<b><u>Cash flows</u></b>			
Net cash from (used) operating	100 640	94 412	107 523
Net cash from (used) investing	(79 967)	(82 674)	(87 436)
Net cash from (used) financing	(4 350)	(215)	14 116
<b>Cash/cash equivalents at the year end</b>	<b>323 921</b>	<b>335 445</b>	<b>369 647</b>
<b><u>Cash backing/surplus reconciliation</u></b>			
Cash and investments available	323 921	335 445	369 647
Application of cash and investments	166 096	190 905	222 281
<b>Balance - surplus (shortfall)</b>	<b>157 825</b>	<b>144 540</b>	<b>147 367</b>
<b><u>Asset management</u></b>			
Asset register summary (WDV)	1 798 138	1 789 703	1 782 537
Depreciation	83 983	85 948	88 837
Renewal of Existing Assets	13 302	19 266	42 964
Repairs and Maintenance	67 394	48 512	41 285
<b><u>Free services</u></b>			
Cost of Free Basic Services provided	41 583	45 868	50 597
Revenue cost of free services provided	4 848	5 237	5 658
<b><u>Households below minimum service level</u></b>			
Water:	3	3	3
Sanitation/sewerage:	1	1	1
Energy:	1	1	1
Refuse:	6	6	6

### Explanatory notes to MBRR Table A1 - Budget Summary

- Table A1 is a budget summary and provides a concise overview of the Municipality's budget from all of the major financial perspectives (operating, capital expenditure, financial position, cash flow, and MFMA funding compliance).
- The table provides an overview of the amounts approved by Council for operating performance, resources deployed to capital expenditure, financial position, cash and funding compliance, as well as the municipality's commitment to eliminating basic service delivery backlogs.
- Financial management reforms emphasises the importance of the municipal budget being funded. This requires the simultaneous assessment of the Financial Performance, Financial Position and Cash Flow Budgets, along with the Capital Budget. The Budget Summary provides the key information in this regard:
  - The accumulated surplus is positive over the MTREF
  - Capital expenditure is balanced by capital funding sources, of which
    - Transfers recognised is reflected on the Financial Performance Budget;
    - Borrowing is incorporated in the net cash from financing on the Cash Flow Budget

- iii. Internally generated funds are financed from a combination of the current operating surplus and accumulated cash-backed surpluses from previous years. The amount is incorporated in the Net cash from investing on the Cash Flow Budget.

**MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)**

Functional Classification Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue - Functional</b>			
<b>Governance and administration</b>	<b>155 708</b>	<b>171 747</b>	<b>186 294</b>
Executive and council	237	239	242
Finance and administration	155 470	171 507	186 053
<b>Community and public safety</b>	<b>43 674</b>	<b>23 883</b>	<b>18 828</b>
Community and social services	9 567	9 931	9 425
Sport and recreation	10 848	10 252	9 203
Public safety	824	15	15
Housing	22 436	3 686	186
<b>Economic and environmental services</b>	<b>58 255</b>	<b>42 628</b>	<b>40 763</b>
Planning and development	3 205	3 318	3 430
Road transport	55 050	39 310	37 333
<b>Trading services</b>	<b>425 387</b>	<b>454 976</b>	<b>486 847</b>
Energy sources	256 173	270 300	288 370
Water management	65 481	75 392	83 317
Waste water management	67 930	71 593	75 242
Waste management	35 803	37 691	39 917
<b>Other</b>	<b>25</b>	<b>226</b>	<b>28</b>
<b>Total Revenue - Functional</b>	<b>683 049</b>	<b>693 459</b>	<b>732 760</b>
<b>Expenditure - Functional</b>			
<b>Governance and administration</b>	<b>111 613</b>	<b>117 825</b>	<b>125 408</b>
Executive and council	17 141	18 009	19 144
Finance and administration	92 922	98 178	104 551
Internal audit	1 550	1 638	1 713
<b>Community and public safety</b>	<b>63 554</b>	<b>50 683</b>	<b>54 522</b>
Community and social services	15 991	17 033	18 101
Sport and recreation	23 441	24 411	26 538
Public safety	3 731	4 704	5 228
Housing	20 392	4 535	4 655
<b>Economic and environmental services</b>	<b>122 455</b>	<b>117 429</b>	<b>110 573</b>
Planning and development	11 183	14 033	12 377
Road transport	111 272	103 396	98 196
<b>Trading services</b>	<b>353 595</b>	<b>377 602</b>	<b>405 741</b>
Energy sources	214 552	230 260	247 864
Water management	56 436	60 517	65 481
Waste water management	52 778	54 764	57 501
Waste management	29 828	32 061	34 894
<b>Other</b>	<b>1 349</b>	<b>1 468</b>	<b>1 542</b>
<b>Total Expenditure - Functional</b>	<b>652 566</b>	<b>665 007</b>	<b>697 785</b>
<b>Surplus/(Deficit) for the year</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>

### Explanatory notes to MBRR Table A2 - Budgeted Financial Performance (revenue and expenditure by standard classification)

1. Table A2 is an illustration of the budgeted financial performance in relation to revenue and expenditure per standard classification. The modified GFS standard classification divides the municipal services into 15 functional areas. Municipal revenue, operating expenditure and capital expenditure are then classified in terms of each of these functional areas which enables the National Treasury to compile 'whole of government' reports.
2. Note that as a general principle the revenues for Trading Services should exceed their respective expenditures.
3. Other functions that show a deficit between revenue and expenditure are being financed from rates revenues and other revenue sources.

### MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Revenue by Vote</b>			
Vote 1 - Corporate Services	8 629	9 236	9 644
Vote 2 - Civil Services	201 963	199 471	208 145
Vote 3 - Council	237	239	242
Vote 4 - Electricity Services	256 173	270 300	288 370
Vote 5 - Financial Services	152 021	168 135	182 507
Vote 6 - Development Services	29 437	10 904	6 658
Vote 7 - Municipal Manager	–	–	–
Vote 8 - Protection Services	34 589	35 173	37 194
Vote 9 - [NAME OF VOTE 9]	–	–	–
<b>Total Revenue by Vote</b>	<b>683 049</b>	<b>693 459</b>	<b>732 760</b>
<b>Expenditure by Vote to be appropriated</b>			
Vote 1 - Corporate Services	27 219	29 383	31 372
Vote 2 - Civil Services	243 284	240 833	245 172
Vote 3 - Council	14 368	15 191	16 059
Vote 4 - Electricity Services	226 982	243 732	261 837
Vote 5 - Financial Services	45 784	48 597	52 366
Vote 6 - Development Services	38 888	26 203	25 350
Vote 7 - Municipal Manager	6 585	6 857	7 350
Vote 8 - Protection Services	49 457	54 212	58 280
Vote 9 - [NAME OF VOTE 9]	–	–	–
<b>Total Expenditure by Vote</b>	<b>652 566</b>	<b>665 007</b>	<b>697 785</b>
<b>Surplus/(Deficit) for the year</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>

## Explanatory notes to MBRR Table A3 - Budgeted Financial Performance (revenue and expenditure by municipal vote)

1. Table A3 is an illustration of the budgeted financial performance in relation to the revenue and expenditure per municipal vote. This table facilitates the view of the budgeted operating performance in relation to the organisational structure of the Municipality. This means it is possible to present the operating surplus or deficit of a vote.

## MBRR Table A4 - Budgeted Financial Performance (revenue and expenditure)

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>Revenue By Source</b>			
Property rates	96 960	104 222	112 026
Service charges - electricity revenue	250 410	267 263	285 031
Service charges - water revenue	53 537	59 828	66 865
Service charges - sanitation revenue	37 332	39 107	40 506
Service charges - refuse revenue	21 878	22 719	23 562
Service charges - other	—	—	—
Rental of facilities and equipment	3 805	3 982	4 174
Interest earned - external investments	21 876	23 127	24 384
Interest earned - outstanding debtors	1 677	1 811	1 956
Dividends received	—	—	—
Fines	24 848	26 801	28 910
Licences and permits	4 037	4 239	4 451
Agency services	3 600	3 700	3 800
Transfers recognised - operational	117 773	96 303	102 559
Other revenue	10 039	10 321	10 611
Gains on disposal of PPE	200	200	200
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>647 973</b>	<b>663 622</b>	<b>709 036</b>
<b>Expenditure By Type</b>			
Employee related costs	191 872	207 092	224 407
Remuneration of councillors	9 448	10 015	10 616
Debt impairment	15 718	17 058	18 419
Depreciation & asset impairment	83 983	85 948	88 837
Finance charges	13 507	13 065	12 524
Bulk purchases	208 391	225 669	244 416
Other materials	—	—	—
Contracted services	86 452	60 349	49 942
Transfers and subsidies	2 552	2 757	2 893
Other expenditure	38 279	40 572	43 126
Loss on disposal of PPE	2 364	2 482	2 606
<b>Total Expenditure</b>	<b>652 566</b>	<b>665 007</b>	<b>697 785</b>
<b>Surplus/(Deficit)</b>	<b>(4 593)</b>	<b>(1 385)</b>	<b>11 251</b>
Transfers recognised - capital	35 076	29 837	23 724
Contributions recognised - capital	—	—	—
<b>Surplus/(Deficit) for the year</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>

## Explanatory notes to Table A4 - Budgeted Financial Performance (revenue and expenditure)

1. Table A4 represents the revenue per source as well as the expenditure per type. This classification is aligned to the GRAP disclosures in the annual financial statements of the municipality.

## MBRR Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source

Vote Description  R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure - Vote</b>			
<b>Multi-year expenditure to be appropriated</b>			
Vote 1 - Corporate Services	–	–	–
Vote 2 - Civil Services	19 931	24 611	34 627
Vote 3 - Council	–	–	–
Vote 4 - Electricity Services	–	–	–
Vote 5 - Financial Services	–	–	–
Vote 6 - Development Services	7 663	6 500	1 000
Vote 7 - Municipal Manager	–	–	–
Vote 8 - Protection Services	–	–	–
<b>Capital multi-year expenditure sub-total</b>	<b>27 595</b>	<b>31 111</b>	<b>35 627</b>
<b>Single-year expenditure to be appropriated</b>			
Vote 1 - Corporate Services	7 312	250	53
Vote 2 - Civil Services	23 465	30 652	35 691
Vote 3 - Council	6	6	662
Vote 4 - Electricity Services	9 425	9 516	9 900
Vote 5 - Financial Services	706	440	255
Vote 6 - Development Services	10 762	1 429	449
Vote 7 - Municipal Manager	6	6	10
Vote 8 - Protection Services	1 967	6 585	1 629
<b>Capital single-year expenditure sub-total</b>	<b>53 648</b>	<b>48 884</b>	<b>48 649</b>
<b>Total Capital Expenditure - Vote</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>

Vote Description  R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital Expenditure - Functional</b>			
<b><i>Governance and administration</i></b>	<b>8 237</b>	<b>1 159</b>	<b>1 451</b>
Executive and council	6	6	662
Finance and administration	8 232	1 153	789
Internal audit	—	—	—
<b><i>Community and public safety</i></b>	<b>25 115</b>	<b>22 708</b>	<b>9 532</b>
Community and social services	2 086	3 648	1 268
Sport and recreation	8 744	9 446	6 969
Public safety	522	6 113	1 295
Housing	13 763	3 500	—
Health	—	—	—
<b><i>Economic and environmental services</i></b>	<b>17 691</b>	<b>14 954</b>	<b>14 550</b>
Planning and development	3 481	922	426
Road transport	14 210	14 032	14 124
Environmental protection	—	—	—
<b><i>Trading services</i></b>	<b>30 199</b>	<b>41 175</b>	<b>58 743</b>
Energy sources	12 125	9 176	9 550
Water management	4 455	8 715	7 732
Waste water management	13 103	20 785	34 092
Waste management	516	2 498	7 368
<b><i>Other</i></b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Capital Expenditure - Functional</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>
<b>Funded by:</b>			
National Government	24 608	22 637	23 724
Provincial Government	10 468	7 400	—
<b>Transfers recognised - capital</b>	<b>35 076</b>	<b>30 037</b>	<b>23 724</b>
<b>Public contributions &amp; donations</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Borrowing</b>	<b>—</b>	<b>4 896</b>	<b>19 336</b>
<b>Internally generated funds</b>	<b>46 167</b>	<b>45 062</b>	<b>41 216</b>
<b>Total Capital Funding</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>

**Explanatory notes to Table A5 - Budgeted Capital Expenditure by vote, standard classification and funding source**

1. Table A5 is a breakdown of the capital programme in relation to capital expenditure by municipal vote (multi-year and single-year appropriations); capital expenditure by standard classification; and the funding sources necessary to fund the capital budget, including information on capital transfers from national and provincial departments.
2. The MFMA provides that a municipality may approve multi-year or single-year capital budget appropriations.
3. Unlike multi-year capital appropriations, single-year appropriations relate to expenditure that will be incurred in the specific budget year such as the procurement of vehicles and specialised tools and equipment. The budget appropriations for the two outer years are indicative allocations based on the departmental business plans as informed by the IDP and

will be reviewed on an annual basis to assess the relevance of the expenditure in relation to the strategic objectives and service delivery imperatives of the Municipality. For the purpose of funding assessment of the MTREF, these appropriations have been included but no commitments will be incurred against single-year appropriations for the two outer-years.

4. The capital program is funded from National, Provincial and Other grants and transfers, Public Donations and internally generated funds from current and prior year surpluses.

## MBRR Table A6 - Budgeted Financial Position

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>ASSETS</b>	<b>3 365 804</b>	<b>5 524 566</b>	<b>7 661 412</b>
<b>Current assets</b>			
Cash	323 921	335 445	369 647
Call investment deposits	–	–	–
Consumer debtors	84 688	105 759	128 283
Other debtors	27 235	32 372	38 175
Current portion of long-term receivables	21	21	21
Inventory	7 404	7 404	7 404
<b>Total current assets</b>	<b>443 269</b>	<b>481 000</b>	<b>543 530</b>
<b>Non current assets</b>			
Long-term receivables	148	127	106
Investment property	26 356	26 331	26 331
Property, plant and equipment	1 769 518	1 761 713	1 754 546
Intangible	1 485	879	879
Other non-current assets	780	780	780
<b>Total non current assets</b>	<b>1 798 286</b>	<b>1 789 830</b>	<b>1 782 642</b>
<b>TOTAL ASSETS</b>	<b>2 241 555</b>	<b>2 270 830</b>	<b>2 326 172</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowing	5 263	5 263	5 263
Consumer deposits	10 673	11 313	11 992
Trade and other payables	92 554	89 654	91 766
Provisions	7 066	7 490	7 939
<b>Total current liabilities</b>	<b>115 555</b>	<b>113 720</b>	<b>116 961</b>
<b>Non current liabilities</b>			
Borrowing	119 426	118 571	132 008
Provisions	70 268	73 782	77 471
<b>Total non current liabilities</b>	<b>189 694</b>	<b>192 352</b>	<b>209 478</b>
<b>TOTAL LIABILITIES</b>	<b>305 249</b>	<b>306 072</b>	<b>326 439</b>
<b>NET ASSETS</b>	<b>1 936 306</b>	<b>1 964 758</b>	<b>1 999 733</b>
<b>COMMUNITY WEALTH/EQUITY</b>			
Accumulated Surplus/(Deficit)	1 792 022	1 814 950	1 842 263
Reserves	144 284	149 808	157 470
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	<b>1 936 306</b>	<b>1 964 758</b>	<b>1 999 733</b>

### **Explanatory notes to Table A6 - Budgeted Financial Position**

1. Table A6 is consistent with international standards of good financial management practice, and improves understandability for councilors and management of the impact of the budget on the statement of financial position (balance sheet).
2. This format of presenting the statement of financial position is aligned to GRAP1, which is generally aligned to the international version which presents Assets less Liabilities as “accounting” Community Wealth. The order of items within each group illustrates items in order of liquidity; i.e. assets readily converted to cash, or liabilities immediately required to be met from cash, appear first.
3. Table A6 is supported by an extensive table of notes (SA3) providing a detailed analysis of the major components of a number of items, including:
  - Call investments deposits;
  - Consumer debtors;
  - Property, plant and equipment;
  - Trade and other payables;
  - Provisions non-current;
  - Changes in net assets; and
  - Reserves
4. The municipal equivalent of equity is Community Wealth/Equity. The justification is that ownership and the net assets of the municipality belong to the community.
5. Any movement on the Budgeted Financial Performance or the Capital Budget will inevitably impact on the Budgeted Financial Position. As an example, the collection rate assumption will impact on the cash position of the municipality and subsequently inform the level of cash and cash equivalents at year end. Similarly, the collection rate assumption should inform the budget appropriation for debt impairment which in turn would impact on the provision for bad debt. These budget and planning assumptions form a critical link in determining the applicability and relevance of the budget as well as the determination of ratios and financial indicators. In addition the funding compliance assessment is informed directly by forecasting the statement of financial position.



## MBRR Table A7 - Budgeted Cash Flow Statement

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property rates	92 112	99 011	106 424
Service charges	345 000	369 470	395 166
Other revenue	28 251	30 525	31 698
Government - operating	117 773	96 303	102 559
Government - capital	35 076	29 837	23 724
Interest	23 469	24 848	26 242
Dividends	-	-	-
<b>Payments</b>			
Suppliers and employees	(524 982)	(539 761)	(562 875)
Finance charges	(13 507)	(13 065)	(12 524)
Transfers and Grants	(2 552)	(2 757)	(2 893)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>100 640</b>	<b>94 412</b>	<b>107 523</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of PPE	200	200	200
Decrease (Increase) in non-current debtors	21	21	21
Decrease (increase) other non-current receivables	-	-	-
Decrease (increase) in non-current investments	-	-	-
<b>Payments</b>			
Capital assets	(80 188)	(82 895)	(87 657)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(79 967)</b>	<b>(82 674)</b>	<b>(87 436)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Short term loans	-	-	-
Borrowing long term/refinancing	-	4 896	19 336
Increase (decrease) in consumer deposits	604	640	679
<b>Payments</b>			
Repayment of borrowing	(4 954)	(5 751)	(5 898)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(4 350)</b>	<b>(215)</b>	<b>14 116</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>16 323</b>	<b>11 524</b>	<b>34 203</b>
Cash/cash equivalents at the year begin:	307 598	323 921	335 445
Cash/cash equivalents at the year end:	323 921	335 445	369 647

### Explanatory notes to Table A7 - Budgeted Cash Flow Statement

1. The budgeted cash flow statement is the first measurement in determining if the budget is funded.
2. It shows the expected level of cash in-flow versus cash out-flows that are likely to result from the implementation of the budget.
3. The cash levels above include unspent grants.

### MBRR Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b><u>Cash and investments available</u></b>			
Cash/cash equivalents at the year end	323 921	335 445	369 647
Other current investments > 90 days	–	–	–
Non current assets - Investments	–	–	–
<b>Cash and investments available:</b>	<b>323 921</b>	<b>335 445</b>	<b>369 647</b>
<b><u>Application of cash and investments</u></b>			
Unspent conditional transfers	5 863	1 963	1 963
Unspent borrowing	–	–	–
Statutory requirements			
Other working capital requirements	15 949	39 133	62 848
Other provisions			
Long term investments committed	–	–	–
Reserves to be backed by cash/investments	144 284	149 808	157 470
<b>Total Application of cash and investments:</b>	<b>166 096</b>	<b>190 905</b>	<b>222 281</b>
<b>Surplus(shortfall)</b>	<b>157 825</b>	<b>144 540</b>	<b>147 367</b>

### Explanatory notes to Table A8 - Cash Backed Reserves/Accumulated Surplus Reconciliation

1. The cash backed reserves/accumulated surplus reconciliation is aligned to the requirements of MFMA Circular 42 – Funding a Municipal Budget.
2. In essence the table evaluates the funding levels of the budget by firstly forecasting the cash and investments at year end and secondly reconciling the available funding to the liabilities/commitments that exist.
3. The outcome of this exercise would either be a surplus or deficit. A deficit would indicate that the applications exceed the cash and investments available and would be indicative of non-compliance with the MFMA requirements that the municipality's budget must be "funded". The municipality's budget is cash-funded and thus in compliance with the requirements of the MFMA.
4. As part of the budgeting and planning guidelines that informed the compilation of the 2017/18 MTREF the end objective of the medium-term framework was to ensure the budget is funded aligned to section 18 of the MFMA.

### MBRR Table A9 - Asset Management

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>CAPITAL EXPENDITURE</b>			
<b><u>Total New Assets</u></b>	<b>43 008</b>	<b>45 362</b>	<b>16 495</b>
Roads Infrastructure	10 770	3 278	400
Electrical Infrastructure	3 000	—	—
Water Supply Infrastructure	651	8 674	2 663
Sanitation Infrastructure	12 890	8 050	30
<b>Infrastructure</b>	<b>27 311</b>	<b>20 002</b>	<b>3 093</b>
Community Facilities	2 900	2 150	550
Sport and Recreation Facilities	3 200	7 950	1 000
<b>Community Assets</b>	<b>6 100</b>	<b>10 100</b>	<b>1 550</b>
Operational Buildings	860	—	—
<b>Other Assets</b>	<b>860</b>	<b>—</b>	<b>—</b>
<b>Computer Equipment</b>	<b>1 295</b>	<b>481</b>	<b>980</b>
<b>Furniture and Office Equipment</b>	<b>124</b>	<b>278</b>	<b>95</b>
<b>Machinery and Equipment</b>	<b>6 337</b>	<b>10 872</b>	<b>6 256</b>
<b>Transport Assets</b>	<b>981</b>	<b>3 629</b>	<b>4 521</b>
<b><u>Total Renewal of Existing Assets</u></b>	<b>13 302</b>	<b>19 266</b>	<b>42 964</b>
Electrical Infrastructure	6 200	7 800	8 000
Water Supply Infrastructure	7 102	11 466	34 964
<b>Infrastructure</b>	<b>13 302</b>	<b>19 266</b>	<b>42 964</b>
<b><u>Total Upgrading of Existing Assets</u></b>	<b>24 932</b>	<b>15 367</b>	<b>24 817</b>
Roads Infrastructure	10 000	12 664	12 000
Storm water Infrastructure	—	—	3 220
Solid Waste Infrastructure	—	—	3 700
<b>Infrastructure</b>	<b>10 000</b>	<b>12 664</b>	<b>18 920</b>
Community Facilities	900	400	—
Sport and Recreation Facilities	6 972	2 303	5 897
<b>Community Assets</b>	<b>7 872</b>	<b>2 703</b>	<b>5 897</b>
Housing	7 060	—	—
<b>Other Assets</b>	<b>7 060</b>	<b>—</b>	<b>—</b>
<b><u>Total Capital Expenditure</u></b>			
Roads Infrastructure	20 770	15 942	12 400
Storm water Infrastructure	—	—	3 220
Electrical Infrastructure	9 200	7 800	8 000
Water Supply Infrastructure	7 753	20 140	37 627
Sanitation Infrastructure	12 890	8 050	30
Solid Waste Infrastructure	—	—	3 700
<b>Infrastructure</b>	<b>50 613</b>	<b>51 932</b>	<b>64 977</b>
Community Facilities	3 800	2 550	550
Sport and Recreation Facilities	10 172	10 253	6 897
<b>Community Assets</b>	<b>13 972</b>	<b>12 803</b>	<b>7 447</b>
Operational Buildings	860	—	—
Housing	7 060	—	—
<b>Other Assets</b>	<b>7 920</b>	<b>—</b>	<b>—</b>
<b>Computer Equipment</b>	<b>1 295</b>	<b>481</b>	<b>980</b>
<b>Furniture and Office Equipment</b>	<b>124</b>	<b>278</b>	<b>95</b>
<b>Machinery and Equipment</b>	<b>6 337</b>	<b>10 872</b>	<b>6 256</b>
<b>Transport Assets</b>	<b>981</b>	<b>3 629</b>	<b>4 521</b>
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>			
<i>Roads Infrastructure</i>	497 005	484 833	468 500
<i>Storm water Infrastructure</i>	121 474	117 257	116 272
<i>Electrical Infrastructure</i>	314 150	309 240	303 861
<i>Water Supply Infrastructure</i>	279 140	288 594	315 295
<i>Sanitation Infrastructure</i>	396 496	387 142	368 607
<i>Solid Waste Infrastructure</i>	4 056	3 115	5 368
<b>Infrastructure</b>	<b>1 612 320</b>	<b>1 590 181</b>	<b>1 577 903</b>
Community Facilities	6 818	7 738	6 628
Sport and Recreation Facilities	19 206	27 180	31 701
<b>Community Assets</b>	<b>26 024</b>	<b>34 918</b>	<b>38 329</b>
Non-revenue Generating	770	770	770
<b>Investment properties</b>	<b>770</b>	<b>770</b>	<b>770</b>
Operational Buildings	112 537	109 456	106 545
<b>Other Assets</b>	<b>112 537</b>	<b>109 456</b>	<b>106 545</b>
Licences and Rights	1 794	1 204	976
<b>Intangible Assets</b>	<b>1 794</b>	<b>1 204</b>	<b>976</b>
Computer Equipment	3 513	3 065	3 382
Furniture and Office Equipment	1 541	1 439	1 046
Machinery and Equipment	12 272	20 897	24 925
Transport Assets	27 368	27 774	28 660
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	<b>1 798 138</b>	<b>1 789 703</b>	<b>1 782 537</b>
<b>EXPENDITURE OTHER ITEMS</b>			
<u>Depreciation</u>	83 983	85 948	88 837
<u>Repairs and Maintenance by Asset Class</u>	<b>67 394</b>	<b>48 512</b>	<b>41 285</b>
<i>Roads Infrastructure</i>	28 200	15 904	6 212
<i>Storm water Infrastructure</i>	8 007	8 434	9 152
<i>Electrical Infrastructure</i>	1 875	1 995	2 123
<i>Sanitation Infrastructure</i>	2 544	2 668	2 798
<i>Solid Waste Infrastructure</i>	6 569	6 907	7 286
<b>Infrastructure</b>	<b>47 196</b>	<b>35 908</b>	<b>27 571</b>
Community Facilities	2 394	2 509	2 630
Sport and Recreation Facilities	692	618	645
<b>Community Assets</b>	<b>3 086</b>	<b>3 127</b>	<b>3 275</b>
Operational Buildings	11	12	12
Housing	8 492	30	30
<b>Other Assets</b>	<b>8 503</b>	<b>42</b>	<b>42</b>
<b>Intangible Assets</b>	<b>2 836</b>	<b>3 119</b>	<b>3 431</b>
Computer Equipment	508	537	568
Furniture and Office Equipment	195	205	217
Machinery and Equipment	837	890	947
Transport Assets	4 234	4 684	5 234
<b>TOTAL EXPENDITURE OTHER ITEMS</b>	<b>151 377</b>	<b>134 460</b>	<b>130 121</b>
<i>Renewal and upgrading of Existing Assets as % of total capex</i>	47.1%	43.3%	80.4%
<i>Renewal and upgrading of Existing Assets as % of deprecn</i>	45.5%	40.3%	76.3%
<i>R&amp;M as a % of PPE</i>	3.8%	2.8%	2.4%
<i>Renewal and upgrading and R&amp;M as a % of PPE</i>	6.0%	5.0%	6.0%

## Explanatory notes to Table A9 - Asset Management

1. Table A9 provides an overview of municipal capital allocations to building new assets and the renewal of existing assets, as well as spending on repairs and maintenance by asset class.
2. National Treasury has recommended that municipalities should allocate at least 40 per cent of their capital budget to the renewal of existing assets, and allocations to repairs and maintenance should be 8 per cent of PPE. The Municipality does not meet both these recommendations for various reasons as referenced earlier.

## MBRR Table A10 - Basic Service Delivery Measurement

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Household service targets</b>			
<b><u>Water:</u></b>			
Piped water inside dwelling	32 872	32 872	32 872
Piped water inside yard (but not in dwelling)	3 232	3 232	3 232
Using public tap (at least min.service level)	55	55	55
Other water supply (at least min.service level)	158	158	158
<i>Minimum Service Level and Above sub-total</i>	36 317	36 317	36 317
Using public tap (< min.service level)	—	—	—
Other water supply (< min.service level)	2 822	2 822	2 822
No water supply	—	—	—
<i>Below Minimum Service Level sub-total</i>	2 822	2 822	2 822
<b>Total number of households</b>	<b>39 139</b>	<b>39 139</b>	<b>39 139</b>
<b><u>Sanitation/sewerage:</u></b>			
Flush toilet (connected to sewerage)	33 744	33 744	33 744
Flush toilet (with septic tank)	3 887	3 887	3 887
Chemical toilet	29	29	29
Pit toilet (ventilated)	37	37	37
Other toilet provisions (> min.service level)	99	99	99
<i>Minimum Service Level and Above sub-total</i>	37 796	37 796	37 796
Bucket toilet	991	991	991
Other toilet provisions (< min.service level)	42	42	42
No toilet provisions	310	310	310
<i>Below Minimum Service Level sub-total</i>	1 343	1 343	1 343
<b>Total number of households</b>	<b>39 139</b>	<b>39 139</b>	<b>39 139</b>
<b><u>Energy:</u></b>			
Electricity (at least min.service level)	38 631	38 631	38 631
Electricity - prepaid (min.service level)	—	—	—
<i>Minimum Service Level and Above sub-total</i>	38 631	38 631	38 631
Electricity (< min.service level)	—	—	—
Electricity - prepaid (< min. service level)	—	—	—
Other energy sources	508	508	508
<i>Below Minimum Service Level sub-total</i>	508	508	508
<b>Total number of households</b>	<b>39 139</b>	<b>39 139</b>	<b>39 139</b>
<b><u>Refuse:</u></b>			
Removed at least once a week	32 675	32 675	32 675
<i>Minimum Service Level and Above sub-total</i>	32 675	32 675	32 675
Removed less frequently than once a week	480	480	480
Using communal refuse dump	897	897	897
Using own refuse dump	4 863	4 863	4 863
Other rubbish disposal	205	205	205
No rubbish disposal	19	19	19
<i>Below Minimum Service Level sub-total</i>	6 464	6 464	6 464
<b>Total number of households</b>	<b>39 139</b>	<b>39 139</b>	<b>39 139</b>

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b><u>Households receiving Free Basic Service</u></b>			
Water (6 kilolitres per household per month)	8 801	10 480	11 004
Sanitation (free minimum level service)	8 801	10 480	11 004
Electricity/other energy (50kwh per household per month)	8 801	10 480	11 004
Refuse (removed at least once a week)	8 801	10 480	11 004
<b><u>Cost of Free Basic Services provided - Formal Settlements (R'000)</u></b>			
Water (6 kilolitres per indigent household per month)	6 339	7 099	7 951
Sanitation (free sanitation service to indigent households)	20 700	22 770	25 047
Electricity/other energy (50kwh per indigent household per month)	2 741	3 015	3 316
Refuse (removed once a week for indigent households)	11 804	12 985	14 283
<b><u>Cost of Free Basic Services provided - Informal Formal Settlements (R'000)</u></b>	–	–	–
<b>Total cost of FBS provided</b>	<b>41 583</b>	<b>45 868</b>	<b>50 597</b>
<b><u>Highest level of free service provided per household</u></b>			
Property rates (R value threshold)	95 000	95 000	95 000
Water (kilolitres per household per month)	7	6	6
Sanitation (kilolitres per household per month)	–	–	–
Sanitation (Rand per household per month)	206	218	231
Electricity (kwh per household per month)	50	50	50
Refuse (average litres per week)	114	120	128
<b><u>Revenue cost of subsidised services provided (R'000)</u></b>			
Property rates (tariff adjustment) ( impermissable values per section 17 of MPRA)	–	–	–
Property rates exemptions, reductions and rebates and impermissable values in excess of section 17 of MPRA)	2 414	2 559	2 712
Water (in excess of 6 kilolitres per indigent household per month)	12 775	9 318	6 385
Sanitation (in excess of free sanitation service to indigent households)	–	–	–
Electricity/other energy (in excess of 50 kwh per indigent household per month)	–	–	–
Refuse (in excess of one removal a week for indigent households)	–	–	–
Municipal Housing - rental rebates	–	–	–
Housing - top structure subsidies	–	–	–
Other	–	–	–
<b>Total revenue cost of subsidised services provided</b>	<b>15 189</b>	<b>11 877</b>	<b>9 097</b>

*Clarification note: Cost of Free Basic Services does not include the other administration and actual expenditure incurred on indigent consumers.*

## Part 2 – Supporting Documentation

### 2.1 Overview of the annual budget process

#### POLITICAL OVERSIGHT OF THE BUDGET PROCESS

Section 53 (1) (a) of the MFMA (no 56 of 2003) stipulates that the Mayor of a municipality must provide general political guidance over the budget process and the priorities that must guide the preparation of a budget.

Political oversight of the budget process is necessary to ensure that the needs and priorities of the community, as set out in the IDP, are properly linked to the municipality's spending plans.

The mayoral committee is one of the key elements in accomplishing the linkage between the IDP and the Budget of a municipality.

#### SCHEDULE OF KEY DEADLINES RELATING TO THE BUDGET PROCESS

The mayor must, according to the MFMA, co-ordinate the processes for preparing the annual budget and for reviewing the municipality's IDP and budget-related policies. The mayor therefore tabled a schedule of key deadlines with regards to the budgetary process and the review of the municipality's IDP, in council at least 10 months before the start of the next financial year.

#### PURPOSE OF THE BUDGET AND IDP PROCESS PLAN

The purpose of the process plan is to indicate the various planned activities and strategies on which the municipality will embark to compose its Integrated Development Plan for the five year cycle (2017/18 - 2021/22) and the budget for the 2017/18 financial year and the two outer years.

The process plan enhances integration and alignment between the IDP and the Budget, thereby ensuring the development of an IDP-based budget. It fulfils the role of an operational framework for the IDP and Budget process outlining the manner in which this process was undertaken. In addition, it identifies the activities in the processes around the key statutory annual operational processes of the budget and IDP compilation, performance management implementation and the adoption of the municipality's annual report.

The Mayor tabled in Council the required IDP and budget time schedule on 31 August 2016. Key dates applicable to the process were:

- **October / November 2016** – Review of the financial strategy and key economic and financial planning assumptions. This included financial forecasting and scenario considerations;
- **31 October 2016** – Detail departmental budget proposals (capital and operating) submitted to the Budget and Treasury Office for consolidation and assessment against the financial planning guidelines;



- **24 November 2016** – Council considers and approve the 2016/17 Roll-over Adjustments Budget;
- **26 January 2017** - Council considers and approve the 2016/17 Mid-year Review and Adjustments Budget;
- **February / March 2017** - Finalise detailed operating and capital budgets in the prescribed formats incorporating National and Provincial budget allocations, integrate and align to IDP documentation and draft SDBIP, finalise budget policies including tariff policy;
- **30 March 2017** - Tabling in Council of the draft 2017/18 IDP and 2017/18 MTREF for public consultation;
- **April / May 2017** – Public consultation;
- **2 May 2017** - Closing date for written comments;
- **3 to 16 May 2017** – Finalisation of the 2017/18 IDP and 2017/18 MTREF, taking into consideration comments received from the public, comments from National Treasury, and updated information from the most recent Division of Revenue Bill and financial framework; and
- **25 May 2017** - Tabling of the 2017/18 MTREF before Council for consideration and approval.

There were deviations from the key dates set out in the Budget Time Schedule tabled in Council, namely;

- A roll-over adjustment budget for the 2016/17 financial year was tabled to council in November 2017.
- The tabling date of the Draft IDP and Budget moved from 23 March 2017 to 30 March 2017.

### **2.1.1 IDP and Service Delivery and Budget Implementation Plan**

The Municipality's IDP is its principal strategic planning instrument, which directly guides and informs its planning, budget, management and development actions. This framework is rolled out into objectives, key performance indicators and targets for implementation which directly inform the Service Delivery and Budget Implementation Plan.

### **2.1.2 Community Consultation**

The public participation process took place during the month of April 2017 and ended on 2 May 2017. During this process, members of the community were given the opportunity to provide inputs and comments on the draft budget presented to them. The comments and inputs were reviewed and where appropriate the proposed changes were incorporated into the final budget to be approved by Council at least 30 days before the start of the financial year.



## 2.2 Overview of alignment of annual budget with IDP

The Constitution mandates local government with the responsibility to exercise local developmental and cooperative governance. The eradication of imbalances in South African society can only be realized through a credible integrated developmental planning process.

Municipalities in South Africa need to utilise integrated development planning as a method to plan future development in their areas and so find the best solutions to achieve sound long-term development goals. A municipal IDP provides a five year strategic programme of action aimed at setting short, medium and long term strategic and budget priorities to create a development platform, which correlates with the term of office of the political incumbents. The plan aligns the resources and the capacity of a municipality to its overall development aims and guides the municipal budget. An IDP is therefore a key instrument which municipalities use to provide vision, leadership and direction to all those that have a role to play in the development of a municipal area. The IDP enables municipalities to make the best use of scarce resources and speed up service delivery.

Integrated developmental planning in the South African context is amongst others, an approach to planning aimed at involving the municipality and the community to jointly find the best solutions towards sustainable development. Furthermore, integrated development planning provides a strategic environment for managing and guiding all planning, development and decision making in the municipality.

It is important that the IDP developed by municipalities correlate with National and Provincial intent. It must aim to co-ordinate the work of local and other spheres of government in a coherent plan to improve the quality of life for all the people living in that area. Applied to the Municipality, issues of national and provincial importance should be reflected in the IDP of the municipality. A clear understanding of such intent is therefore imperative to ensure that the Municipality strategically complies with the key national and provincial priorities.

The 2017/18 MTREF has therefore been directly informed by the IDP process and the following tables provide the reconciliation between the IDP strategic objectives and operating revenue, operating expenditure and capital expenditure.

**MBRR Table SA4 - Reconciliation between the IDP strategic objectives and budgeted revenue**

Strategic Objective	Goal	Goal Code	2017/18 Medium Term Revenue & Expenditure Framework			
			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	
R thousand						
Improved quality of life for citizens	Manage Development Services		1 093	1 062	62	
	Manage Community Development	AH	987	1 037	37	
	Manage Multi-Purpose Centres	AI	106	25	25	
	Manage Environmental and Occupational Health	AM	–	–	–	
	Manage Protection Services		34 589	35 173	37 194	
	Manage Protection Services	AQ	–	–	–	
	Manage Civil Protection	AR	–	–	–	
	Manage Licensing and Registration Services	AU	7 637	7 938	8 250	
	Manage Traffic and Law Enforcement	AV	26 129	27 219	28 928	
	Manage Fire and Emergency Services	AS	808	0	0	
	Manage the Harbour Yzerfontein	AT	15	15	15	
	Inclusive economic growth	Facilitate economic development in the municipal area	AW	–	–	–
Quality and sustainable living environment	Manage Development Services		28 345	9 842	6 596	
	Manage Development Services	AF	1	1	1	
	Manage Planning and Valuations	AJ	825	838	850	
	Manage Building Control	AK	2 380	2 480	2 580	
	Manage Human Settlements	AL	22 436	3 686	186	
	Manage the Caravan Park Yzerfontein	AG	2 703	2 838	2 980	
Caring, competent and responsive institutions, organisations and business	Manage Corporate Services		8 629	9 236	9 644	
	Manage Corporate Services, Secretariat and Records and Ward Committees	A	212	112	112	
	Manage Human Resource Services	B	449	587	726	
	Manage Properties, Contracts and Legal Administration	E	263	276	289	
	Manage Libraries	C	7 680	8 036	8 489	
	Manage Marketing And Tourism	D	25	226	28	
	Manage Electrical Engineering Services					
	Manage ICT Services	X	–	–	–	

Strategic Objective	Goal	Goal Code	2017/18 Medium Term Revenue & Expenditure Framework		
			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>					
<b>Sufficient, affordable and well-run services</b>	<b>Manage the Office of the Municipal Manager</b>		–	–	–
	Manage the Office of the Municipal Manager	AN	–	–	–
	Manage Internal Audit	AP	–	–	–
	Manage Strategic Services	AO	–	–	–
	<b>Manage Financial Services</b>		<b>152 021</b>	<b>168 135</b>	<b>182 507</b>
	Manage Financial Services	Y	100 945	108 450	116 521
	Manage Supply Chain Management	AC	–	–	–
	Manage the Budget and Treasury Office	AA	–	–	–
	Manage Finance (Credit Control, Income and Expenditure)	Z	51 077	59 686	65 985
	Manage Assets	AB	–	–	–
	Manage Fleet	AD	–	–	–
	<b>Manage Council Expenses</b>				
	Manage Council Expenses	T	237	239	242
	<b>Manage Civil Engineering Services</b>		<b>458 135</b>	<b>469 771</b>	<b>496 515</b>
	Manage Civil Engineering Services	F	43	–	–
	Manage Cemeteries	G	532	557	584
	Manage Parks and Recreational Areas	I	1 284	5 800	–
	Manage Proclaimed Roads	J	19 810	4 100	100
	Manage Sewerage	N	67 930	71 593	75 242
	Manage Waste Water Treatment Works	AX	–	–	–
	Manage Sportsgrounds	O	6 665	1 408	6 008
	Manage Streets	P	1 475	53	55
	Manage Storm water	Q	–	–	–
	Manage Swimming Pools	R	196	205	215
	Manage Water Provision	S	65 481	75 392	83 317
	Manage Municipal Property	H	2 744	2 672	2 706
	Manage Refuse Removal	K	35 763	37 649	39 873
	Manage Street Cleaning	L	40	42	44
	Manage Solid Waste Disposal (Landfill Sites)	M	–	–	–
	Manage Electrical Engineering Services	U	–	–	–
	Manage Electricity Distribution	V	256 173	270 300	288 370
	Manage Street Lighting	W	–	–	–
<b>Allocations to other priorities</b>					
<b>Total Revenue (excluding capital transfers and contributions)</b>			<b>683 049</b>	<b>693 459</b>	<b>732 760</b>

**MBRR Table SA5 - Reconciliation between the IDP strategic objectives and budgeted operating expenditure**

Strategic Objective	Goal	Goal Code	2017/18 Medium Term Revenue & Expenditure Framework		
			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand					
Improved quality of life for citizens	<b>Manage Development Services</b>		<b>5 397</b>	<b>5 536</b>	<b>5 752</b>
	Manage Community Development	AH	2 575	2 612	2 804
	Manage Multi-Purpose Centres	AI	1 300	1 396	1 298
	Manage Environmental and Occupational Health	AM	1 522	1 528	1 649
	<b>Manage Protection Services</b>		<b>49 457</b>	<b>54 212</b>	<b>58 280</b>
	Manage Protection Services	AQ	1 983	2 049	2 184
	Manage Civil Protection	AR	300	300	300
	Manage Licensing and Registration Services	AU	7 439	8 361	8 777
	Manage Traffic and Law Enforcement	AV	36 004	38 799	41 792
	Manage Fire and Emergency Services	AS	3 661	4 627	5 145
	Manage the Harbour Yzerfontein	AT	70	76	83
Inclusive economic growth	Facilitate economic development in the municipal area	AW	150	150	150
Quality and sustainable living environment	<b>Manage Development Services</b>		<b>33 491</b>	<b>20 666</b>	<b>19 598</b>
	Manage Development Services	AF	1 834	2 102	2 490
	Manage Planning and Valuations	AJ	6 608	9 091	7 050
	Manage Building Control	AK	2 731	2 959	3 193
	Manage Human Settlements	AL	20 392	4 535	4 655
	Manage the Caravan Park Yzerfontein	AG	1 926	1 978	2 210
Caring, competent and responsive institutions, organisations and business	<b>Manage Corporate Services</b>		<b>26 856</b>	<b>29 004</b>	<b>30 973</b>
	Manage Corporate Services, Secretariat and Records and Ward Committees	A	8 568	9 198	9 904
	Manage Human Resource Services	B	5 577	6 074	6 298
	Manage Properties, Contracts and Legal Administration	E	3 415	3 703	4 061
	Manage Libraries	C	7 948	8 560	9 168
	Manage Marketing And Tourism	D	1 349	1 468	1 542
	<b>Manage Electrical Engineering Services</b>				
	Manage ICT Services	X	10 979	11 897	12 261

Strategic Objective	Goal	Goal Code	2017/18 Medium Term Revenue & Expenditure Framework		
			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand					
	<b>Manage the Office of the Municipal Manager</b>		<b>6 435</b>	<b>6 708</b>	<b>7 200</b>
	Manage the Office of the Municipal Manager	AN	3 042	3 087	3 354
	Manage Internal Audit	AP	1 700	1 788	1 863
	Manage Strategic Services	AO	1 694	1 833	1 984
	<b>Manage Financial Services</b>		<b>39 929</b>	<b>42 623</b>	<b>46 269</b>
	Manage Financial Services	Y	3 213	3 464	3 629
	Manage Supply Chain Management	AC	5 417	5 805	6 325
	Manage the Budget and Treasury Office	AA	2 812	2 538	2 752
	Manage Finance (Credit Control, Income and Expenditure)	Z	26 764	28 972	31 571
	Manage Assets	AB	1 031	1 102	1 180
	Manage Fleet	AD	693	742	812
	<b>Manage Council Expenses</b>				
	Manage Council Expenses	T	14 307	15 135	16 011
<b>Sufficient, affordable and well-run services</b>	<b>Manage Civil Engineering Services</b>		<b>465 564 867</b>	<b>479 077 711</b>	<b>501 290 750</b>
	Manage Civil Engineering Services	F	3 914	4 124	4 425
	Manage Cemeteries	G	453	462	470
	Manage Parks and Recreational Areas	I	14 242	14 682	16 039
	Manage Proclaimed Roads	J	24 500	11 990	2 270
	Manage Sewerage	N	39 527	40 744	42 370
	Manage Waste Water Treatment Works	AX	5 936	6 288	6 692
	Manage Sportsgrounds	O	4 994	5 296	5 580
	Manage Streets	P	43 329	44 246	45 357
	Manage Storm water	Q	8 007	8 434	9 152
	Manage Swimming Pools	R	2 278	2 455	2 709
	Manage Water Provision	S	57 961	62 088	67 100
	Manage Municipal Property	H	10 531	10 236	10 445
	Manage Refuse Removal	K	18 975	20 514	22 578
	Manage Street Cleaning	L	5 001	5 375	5 783
	Manage Solid Waste Disposal (Landfill Sites)	M	6 569	6 907	7 286
	Manage Electrical Engineering Services	U	1 451	1 576	1 711
	Manage Electricity Distribution	V	216 767	232 449	250 022
	Manage Street Lighting	W	1 129	1 212	1 301
<b>Total Expenditure</b>			<b>652 566</b>	<b>665 007</b>	<b>697 785</b>

**MBRR Table SA6 - Reconciliation between the IDP strategic objectives and budgeted capital expenditure**

Strategic Objective	Goal	Goal Code	2017/18 Medium Term Revenue & Expenditure Framework		
			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand					
Improved quality of life for citizens	Manage Development Services		-	2 215 380	1 232 925
	Manage Community Development	AH	-	2 000 000	1 000 000
	Manage Multi-Purpose Centres	AI	-	215 380	232 925
	Manage Environmental and Occupational Health	AM	-	-	-
	Manage Protection Services		1 067 050	6 185 000	1 629 000
	Manage Protection Services	AQ	70 000	72 000	74 000
	Manage Civil Protection	AR	-	-	-
	Manage Licensing and Registration Services	AU	475 000	-	260 000
	Manage Traffic and Law Enforcement	AV	500 000	270 000	510 000
	Manage Fire and Emergency Services	AS	22 050	5 843 000	785 000
	Manage the Harbour Yzerfontein	AT	-	-	-
Inclusive economic growth	Facilitate economic development in the municipal area	AW	-	-	-
Quality and sustainable living environment	Manage Development Services		16 325 451	6 114 000	216 000
	Manage Development Services	AF	32 000	34 000	36 000
	Manage Planning and Valuations	AJ	2 000 000	1 550 000	150 000
	Manage Building Control	AK	-	-	-
	Manage Human Settlements	AL	13 763 451	3 500 000	-
	Manage the Caravan Park Yzerfontein	AG	530 000	1 030 000	30 000
Caring, competent and responsive institutions, organisations and business	Manage Corporate Services		7 311 716	249 500	53 000
	Manage Corporate Services, Secretariat and Records and Ward Committees	A	7 075 750	216 500	18 000
	Manage Human Resource Services	B	-	-	-
	Manage Properties, Contracts and Legal Administration	E	31 500	33 000	35 000
	Manage Libraries	C	204 466	-	-
	Manage Marketing And Tourism	D	-	-	-
	Manage Electrical Engineering Services				
	Manage ICT Services	X	1 325 000	546 000	1 050 000

Strategic Objective	Goal	Goal Code	2017/18 Medium Term Revenue & Expenditure Framework		
			Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
R thousand					
	<b>Manage the Office of the Municipal Manager</b>		<b>5 500</b>	<b>6 000</b>	<b>10 000</b>
	Manage the Office of the Municipal Manager	AN	5 500	6 000	10 000
	Manage Internal Audit	AP	-	-	-
	Manage Strategic Services	AO	-	-	-
	<b>Manage Financial Services</b>		<b>706 400</b>	<b>440 000</b>	<b>254 925</b>
	Manage Financial Services	Y	15 750	16 500	22 000
	Manage Supply Chain Management	AC	-	-	-
	Manage the Budget and Treasury Office	AA	-	-	-
	Manage Finance (Credit Control, Income and Expenditure)	Z	690 650	423 500	232 925
	Manage Assets	AB	-	-	-
	Manage Fleet	AD	-	-	-
	<b>Manage Council Expenses</b>				
	Manage Council Expenses	T	5 500	6 000	662 190
<b>Sufficient, affordable and well-run services</b>	<b>Manage Civil Engineering Services</b>		<b>54 495 969</b>	<b>64 233 184</b>	<b>79 167 773</b>
	Manage Civil Engineering Services	F	42 000	44 000	46 000
	Manage Cemeteries	G	-	-	-
	Manage Parks and Recreational Areas	I	1 741 450	2 413 100	1 041 640
	Manage Proclaimed Roads	J	-	-	-
	Manage Sewerage	N	11 076 884	9 887 004	852 600
	Manage Waste Water Treatment Works	AX	1 975 000	10 844 201	29 963 893
	Manage Sportsgrounds	O	6 472 285	1 303 265	5 897 195
	Manage Streets	P	13 735 000	14 032 000	13 864 100
	Manage Storm water	Q	51 450	54 000	3 276 000
	Manage Swimming Pools	R	-	4 700 000	-
	Manage Water Provision	S	3 804 400	41 300	5 069 620
	Manage Water Storage	AE	651 000	8 674 064	2 662 725
	Manage Municipal Property	H	3 331 000	772 050	276 000
	Manage Refuse Removal	K	515 500	2 498 200	3 668 000
	Manage Street Cleaning	L	-	-	-
	Manage Solid Waste Disposal (Landfill Sites)	M	-	-	3 700 000
	Manage Electrical Engineering Services	U	300 000	340 000	350 000
	Manage Electricity Distribution	V	10 800 000	8 630 000	8 500 000
	Manage Street Lighting	W	-	-	-
<b>Total Capital Expenditure</b>			<b>81 242 586</b>	<b>79 995 064</b>	<b>84 275 813</b>

## Measurable performance objectives and indicators

Performance Management is a system intended to manage and monitor service delivery progress against the identified strategic objectives and priorities. In accordance with legislative requirements and good business practices as informed by the National Framework for Managing Programme Performance Information, the Municipality has developed and implemented a performance management system of which system is constantly refined as the integrated planning process unfolds. The Municipality target, monitors, assesses and reviews organisational performance which in turn is directly linked to individual employee's performance.

At any given time within government, information from multiple years is being considered; plans and budgets for next year; implementation for the current year; and reporting on last year's performance. Although performance information is reported publicly during the last stage, the performance information process begins when policies are being developed, and continues through each of the planning, budgeting, implementation and reporting stages.

The following table provides the main measurable performance objectives the municipality undertakes to achieve this financial year.

### MBRR Table SA7 - Measurable performance objectives

Description	Unit of measurement	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Improved quality of life for citizens</b>				
Manage Development Services	Completion of Projects	1 850 000	3 615 380	1 232 925
Manage Protection Services	Completion of Projects	1 067 050	6 185 000	1 629 000
<b>Inclusive economic growth</b>				
Facilitate economic development in the municipal area	Completion of Projects	-	-	-
<b>Quality and sustainable living environment</b>				
Manage Development Services	Completion of Projects	12 975 451	4 714 000	216 000
<b>Caring, competent and responsive institutions, organisations and business</b>				
Manage Corporate Services	Completion of Projects	8 291 716	249 500	53 000
Manage Electrical Engineering Services	Completion of Projects	1 325 000	546 000	1 050 000
Manage the Office of the Municipal Manager	Completion of Projects	5 500	6 000	10 000
Manage Financial Services	Completion of Projects	706 400	440 000	254 925
Manage Council Expenses	Completion of Projects	5 500	6 000	662 190
<b>Sufficient, affordable and well-run services</b>				
Manage Civil Engineering Services	Completion of Projects	53 495 969	64 233 184	79 167 773



## **2.3 Overview of budget related-policies**

The Municipality's budgeting process is guided and governed by relevant legislation, frameworks, strategies and related policies.

### **2.3.1 Review of credit control and debt collection procedures/policies**

The Credit Control and Debt Collection Policy is reviewed annually and revisions were tabled in March 2017. While the adopted policy is credible, sustainable, manageable and informed by affordability and value for money there has been a need to review certain components to achieve a higher collection rate. Some of the possible revisions will include the lowering of the credit periods for the down payment of debt. In addition emphasis will be placed on speeding up the indigent registration process to ensure that credit control and debt collection efforts are not fruitlessly wasted on these debtors.

As most of the indigents within the municipal area are unable to pay for municipal services because they are unemployed, they are entitled to free basic services.

The 2017/18 MTREF has been prepared on the basis of achieving an average debtors' collection rate of 95 per cent on current billings.

### **2.3.2 Asset Management, Infrastructure Investment and Funding Policy**

The Asset Management Policy is considered a strategic guide in ensuring a sustainable approach to asset renewal, repairs and maintenance and is utilised as a guide to the selection and prioritisation of individual capital projects. In addition the policy prescribes the accounting and administrative policies and procedures relating to property, plant and equipment (fixed assets).

Funding and Reserve, Debt and Borrowing Policy were approved in May 2016 and were only reviewed for the 2017/18 MTREF.

### **2.3.3 Supply Chain Management Policy**

The Supply Chain Management Policy was adopted by Council in January 2006. The policy is reviewed annually and revisions were approved in March 2017.

### **2.3.4 Budget and Virement Policy**

The Virement Policy aims to empower senior managers with an efficient financial and budgetary amendment and control system to ensure optimum service delivery within the legislative framework of the MFMA and the Municipality's system of delegations. The Virement Policy was

approved by Council in June 2011. The policy is reviewed annually and due to the implementation of mSCOA revisions was tabled in March 2017.

The Budget Implementation Policy was approved in May 2016 and was only reviewed for the 2017/18 MTREF.

### **2.3.5 Cash Management and Investment Policy**

The Municipality's Cash Management and Investment Policy are reviewed annually and revisions were tabled in March 2017. The aim of the policy is to ensure that the Municipality's surplus cash and investments are adequately managed, especially the funds set aside for the cash backing of certain reserves. The policy details the minimum cash and cash equivalents required at any point in time and introduce time frames to achieve certain benchmarks.

Swartland Municipality strives to maintain a cost coverage ratio of between 4 to 6 months at all times, which is well above the norm in local government.

### **2.3.6 Tariff Policy**

The Municipality's tariff policies provide a broad framework within which the Council can determine fair, transparent and affordable charges that also promote sustainable service delivery.

All the above policies are available on the Municipality's website.

## **2.4 Overview of budget assumptions**

### **2.4.1 External factors**

The Swartland population increased from 72 115 (2001) to 113 782 (2011) and 133 762 (2016) as new settlers urbanize and in-migrate. This, coupled with the multiplier effect of the high unemployment rate in South Africa could place enormous pressure on the revenue streams and especially the recovery rate of debtors. The recovery rate is currently 95 per cent.

### **2.4.2 Credit rating outlook**

The credit outlook of South Africa remains a concern compounded by the higher interest on debt repayments.

### **2.4.3 Interest rates for borrowing and investment of funds**

Interest rates are currently under control, all things remaining equal with the inflation rate currently being above the target range of the South African Reserve Bank (3 % – 6 %).

### **2.4.4 Collection rate for revenue services**

The base assumption is that tariff and rate increases will increase at a rate slightly below CPI over the long term and leaves the concern whether this is sustainable over the longer term.

The rate of revenue collection is currently expressed as a percentage (95 per cent) of annual billings. Cash flow is assumed to be 95 per cent of billings. The performance of any increased collections or arrear collections will however only be considered a source of additional cash inflow once the performance has been carefully monitored.

### **2.4.5 Growth or decline in tax base of the municipality**

Debtor's revenue is assumed to increase at a rate that is influenced by the consumer debtor's collection rate, tariff/rate pricing, real growth rate of the Municipality, household formation growth rate and the poor household change rate.

Household formation is the key factor in measuring municipal revenue and expenditure growth, as servicing 'households' is a greater municipal service factor than servicing individuals. Household formation rates are assumed to convert to household dwellings. In addition the change in the number of poor households influences the net revenue benefit derived from household formation growth, as it assumes that the same costs incurred for servicing the household exist, but that no consumer revenue is derived as the 'poor household' limits consumption to the level of free basic services.

## 2.4.6 Salary increases

The South African Local Government Bargaining Council recently entered into a three-year Salary and Wage Collective Agreement for the period 01 July 2015 to 30 June 2018. The agreement reached is as follows:

- 2015/16 Financial Year – 7 per cent
- 2016/17 Financial Year – average CPI (Feb 2015 – Jan 2016) + 1 per cent
- 2017/18 Financial Year – average CPI (Feb 2016 – Jan 2017) + 1 per cent

## 2.4.7 Ability of the municipality to spend and deliver on the programmes

It is estimated, based on prior year's performance and current spending trends, that both capital and operating expenditure will be no less than 95 per cent of the budgeted amounts.

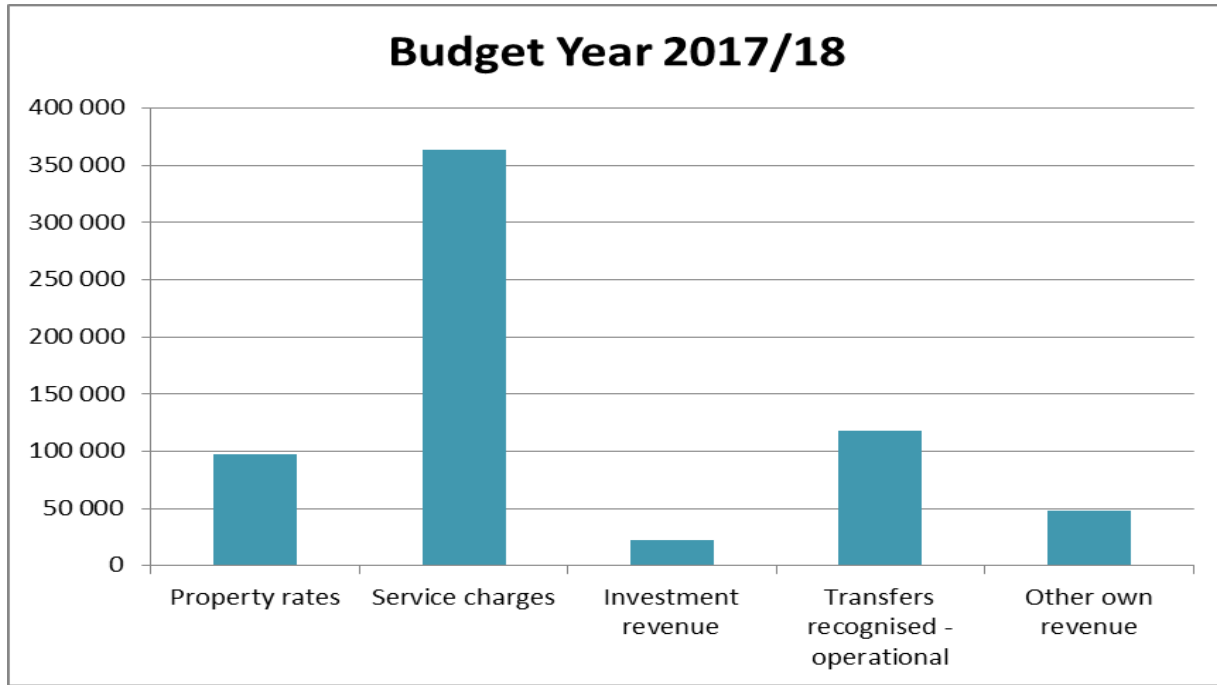
## 2.5 Overview of budget funding

### 2.5.1 Medium-term outlook: operating revenue

The following table is a breakdown of the operating revenue over the medium-term:

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousands</b>			
<b><u>Financial Performance</u></b>			
Property rates	96 960	104 222	112 026
Service charges	363 158	388 916	415 964
Investment revenue	21 876	23 127	24 384
Transfers recognised - operational	117 773	96 303	102 559
Other own revenue	48 206	51 054	54 103
<b>contributions)</b>	<b>647 973</b>	<b>663 622</b>	<b>709 036</b>

The following graph is a breakdown of the operational revenue per main category for the 2017/18 financial year.



Tariff setting plays a major role in ensuring desired levels of revenue. Getting tariffs right assists in the compilation of a credible and funded budget. The Municipality derives most of its operational revenue from the provision of goods and services such as water, electricity, sanitation and solid waste removal.

Investment revenue contributes marginally to the revenue base of the Municipality. It needs to be noted that these allocations have been conservatively estimated and as part of the cash backing of reserves and provisions. The actual performance against budget will be carefully monitored. Any variances in this regard will be addressed as part of the mid-year review and adjustments budget.

The tables below provide detail investment information and investment particulars by maturity.

#### **MBRR SA15 – Detail Investment Information**

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

#### **MBRR SA16 – Investment particulars by maturity**

All investments are transferred to the current account at year-end. However, excess cash is invested periodically to ensure maximum return.

## 2.5.2 Cash Flow Management

Cash flow management and forecasting is a critical step in determining if the budget is funded over the medium-term. The table below is consistent with international standards of good financial management practice and also improves understandability for councilors and management. Some specific features include:

- Clear separation of receipts and payments within each cash flow category;
- Clear separation of capital and operating receipts from government, which also enables cash from 'Ratepayers and other' to be provide for as cash inflow based on actual performance. In other words the *actual collection rate* of billed revenue., and
- Separation of borrowing and loan repayments (no set-off), to assist with MFMA compliance assessment regarding the use of long term borrowing (debt).

### MBRR Table A7 - Budget cash flow statement

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Property rates	92 112	99 011	106 424
Service charges	345 000	369 470	395 166
Other revenue	28 251	30 525	31 698
Government - operating	117 773	96 303	102 559
Government - capital	35 076	29 837	23 724
Interest	23 469	24 848	26 242
Dividends	–	–	–
<b>Payments</b>			
Suppliers and employees	(524 982)	(539 761)	(562 875)
Finance charges	(13 507)	(13 065)	(12 524)
Transfers and Grants	(2 552)	(2 757)	(2 893)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>100 640</b>	<b>94 412</b>	<b>107 523</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>Receipts</b>			
Proceeds on disposal of PPE	200	200	200
Decrease (Increase) in non-current debtors	21	21	21
Decrease (increase) other non-current receivables	–	–	–
Decrease (increase) in non-current investments	–	–	–
<b>Payments</b>			
Capital assets	(80 188)	(82 895)	(87 657)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(79 967)</b>	<b>(82 674)</b>	<b>(87 436)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Receipts</b>			
Short term loans	–	–	–
Borrowing long term/refinancing	–	4 896	19 336
Increase (decrease) in consumer deposits	604	640	679
<b>Payments</b>			
Repayment of borrowing	(4 954)	(5 751)	(5 898)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(4 350)</b>	<b>(215)</b>	<b>14 116</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>16 323</b>	<b>11 524</b>	<b>34 203</b>
Cash/cash equivalents at the year begin:	<b>307 598</b>	<b>323 921</b>	<b>335 445</b>
Cash/cash equivalents at the year end:	<b>323 921</b>	<b>335 445</b>	<b>369 647</b>

### 2.5.3 Cash Backed Reserves/Accumulated Surplus Reconciliation

This following table meets the requirements of MFMA Circular 42 which deals with the funding of a municipal budget in accordance with sections 18 and 19 of the MFMA. The table seeks to answer three key questions regarding the use and availability of cash:

- What are the predicted cash and investments available at the end of the budget year?
- How are those funds used?
- What is the net funds available or funding shortfall?

A surplus would indicate the cash-backed accumulated surplus that was/is available. A shortfall (applications > cash and investments) is indicative of non-compliance with section 18 of the MFMA requirement that the municipality's budget must be 'funded'. Non-compliance with section 18 is assumed because a shortfall would indirectly indicate that the annual budget is not appropriately funded (budgeted spending is greater than funds available or to be collected). It is also important to analyse trends to understand the consequences, e.g. the budget year might indicate a small surplus situation, which in itself is an appropriate outcome, but if in prior years there were much larger surpluses then this negative trend may be a concern that requires closer examination.

**MBRR Table A8 - Cash backed reserves/accumulated surplus reconciliation**

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b><u>Cash and investments available</u></b>			
Cash/cash equivalents at the year end	323 921	335 445	369 647
Other current investments > 90 days	–	–	–
Non current assets - Investments	–	–	–
<b>Cash and investments available:</b>	<b>323 921</b>	<b>335 445</b>	<b>369 647</b>
<b><u>Application of cash and investments</u></b>			
Unspent conditional transfers	5 863	1 963	1 963
Unspent borrowing	–	–	–
Statutory requirements			
Other working capital requirements	15 949	39 133	62 848
Other provisions			
Long term investments committed	–	–	–
Reserves to be backed by cash/investments	144 284	149 808	157 470
<b>Total Application of cash and investments:</b>	<b>166 096</b>	<b>190 905</b>	<b>222 281</b>
<b>Surplus(shortfall)</b>	<b>157 825</b>	<b>144 540</b>	<b>147 367</b>

From the above table it can be seen that the cash and investments available over the MTREF will be sufficient to cover all commitments. Commitments include the following:

- Unspent conditional transfers (grants) are automatically assumed to be an obligation as the municipality has received government transfers in advance of meeting the conditions. Ordinarily, unless there are special circumstances, the municipality is obligated to return unspent conditional grant funds to the national revenue fund at the end of the financial year.
- The main purpose of other working capital is to ensure that sufficient funds are available to meet obligations as they fall due. A key challenge is often the mismatch between the timing of receipts of funds from debtors and payments due to employees and creditors. High levels of debtor non-payment and receipt delays will have a greater requirement for working capital, resulting in cash flow challenges.
- The Capital Replacement Reserve that needs to be cash-backed.

## 2.5.4 Funding compliance measurement

National Treasury requires that the municipality assess its financial sustainability against fourteen different measures that look at various aspects of the financial health of the municipality. These measures are contained in the following table. All the information comes directly from the annual budgeted statements of financial performance, financial position and cash flows. The funding compliance measurement table essentially measures the degree to which the proposed budget complies with the funding requirements of the MFMA. Each of the measures is discussed below.

### MBRR SA10 – Funding compliance measurement

Description	MFMA section	2017/18 Medium Term Revenue & Expenditure Framework		
		Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b><u>Funding measures</u></b>				
Cash/cash equivalents at the year end - R'000	18(1)b	323 921	335 445	369 647
Cash + investments at the yr end less applications - R'000	18(1)b	157 825	144 540	147 367
Cash year end/monthly employee/supplier payments	18(1)b	7.2	7.4	7.7
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	30 483	28 452	34 975
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	(6.0%)	1.2%	1.1%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	91.6%	91.7%	91.6%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	3.4%	3.5%	3.5%
Capital payments % of capital expenditure	18(1)c;19	98.7%	103.6%	104.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	0.0%	9.8%	31.9%
Grants % of Govt. legislated/gazetted allocations	18(1)a	98.7%	103.2%	100.0%
Current consumer debtors % change - incr(decr)	18(1)a	0.0%	23.4%	20.5%
Long term receivables % change - incr(decr)	18(1)a	0.0%	(14.3%)	(16.6%)
R&M % of Property Plant & Equipment	20(1)(vi)	3.8%	2.8%	2.4%
Asset renewal % of capital budget	20(1)(vi)	16.4%	24.1%	51.0%



#### *2.5.4.1 Cash/cash equivalent position*

The Municipality's forecast cash position was discussed as part of the budgeted cash flow statement. A 'positive' cash position, for each year of the MTREF would generally be a minimum requirement, subject to the planned application of these funds such as cash-backing of reserves and working capital requirements.

If the municipality's forecast cash position is negative, for any year of the medium term budget, the budget is very unlikely to meet MFMA requirements or be sustainable and could indicate a risk of non-compliance with section 45 of the MFMA which deals with the repayment of short term debt at the end of the financial year.

#### *2.5.4.2 Cash plus investments less application of funds*

The purpose of this measure is to understand how the municipality has applied the available cash and investments as identified in the budgeted cash flow statement. The detail reconciliation of the cash backed reserves/surpluses is contained in the previous page. The reconciliation is intended to be a relatively simple methodology for understanding the budgeted amount of cash and investments available with any planned or required applications to be made.

#### *2.5.4.3 Monthly average payments covered by cash or cash equivalents*

The purpose of this measure is to understand the level of financial risk should the municipality be under stress from a collection and cash in-flow perspective. Regardless of the annual cash position an evaluation should be made of the ability of the Municipality to meet monthly payments as and when they fall due. It is especially important to consider the position should the municipality be faced with an unexpected disaster that threatens revenue collection such as rate boycotts. As mentioned before, the municipality strives to maintain a ratio of between 4 and 6 months.

#### *2.5.4.4 Surplus/deficit excluding depreciation offsets*

The main purpose of this measure is to understand if the revenue levels are sufficient to conclude that the community is making a sufficient contribution for the municipal resources consumed each year. An 'adjusted' surplus/deficit is achieved by offsetting the amount of depreciation related to externally funded assets. Municipalities need to assess the result of this calculation taking into consideration its own circumstances and levels of backlogs. If the outcome is a deficit, it may indicate that rates and service charges are insufficient to ensure that the community is making a sufficient contribution toward the economic benefits they are consuming over the medium term. It needs to be noted that a surplus or deficit does not necessarily mean that the budget is funded from a cash flow perspective and the first two measures in the table are therefore critical.

#### *2.5.4.5 Property Rates/service charge revenue as a percentage increase less macro inflation target*

The purpose of this measure is to understand whether the municipality is contributing appropriately to the achievement of national inflation targets. This measure is based on the increase in 'revenue', which will include both the change in the tariff as well as any assumption about real growth such as new property development, services consumption growth etc.

The factor is calculated by deducting the maximum macro-economic inflation target increase (which is currently 3 - 6 per cent). The result is intended to be an approximation of the real increase in revenue.

#### *2.5.4.6 Cash receipts as a percentage of ratepayer and other revenue*

This factor is a macro measure of the rate at which funds are 'collected'. This measure is intended to analyse the underlying assumed collection rate for the MTREF to determine the relevance and credibility of the budget assumptions contained in the budget. Given that the assumed collection rate was based on a 95 per cent performance target, the cash flow statement has been based on actual rates achieved during 2015/2016 and to date. However, the percentage in the above table includes direct receipts for services being paid in cash such as agency services and permits. It also includes fines with a very low collection rate (below 25%) This measure and performance objective will have to be meticulously managed. Should performance with the mid-year review and adjustments be positive in relation to actual collections of billed revenue, the adjustments budget will be amended accordingly.

#### *2.5.4.7 Debt impairment expense as a percentage of billable revenue*

This factor measures whether the provision for debt impairment is being adequately funded and is based on the underlying assumption that the provision for debt impairment (doubtful and bad debts) has to be increased to offset under-collection of billed revenues.

#### *2.5.4.8 Capital payments percentage of capital expenditure*

The purpose of this measure is to determine whether the timing of payments has been taken into consideration when forecasting the cash position. It can be seen that a 100 per cent payments has been factored into the cash position forecasted over the entire financial year.

#### *2.5.4.9 Transfers/grants revenue as a percentage of Government transfers/grants available*

The purpose of this measurement is mainly to ensure that all available transfers from national and provincial government have been budgeted for. A percentage less than 100 per cent could indicate that not all grants as contained in the Division of Revenue Act (DoRA) have been budgeted for.

#### *2.5.4.10 Consumer debtors change (Current and Non-current)*

The purpose of these measures is to ascertain whether budgeted reductions in outstanding debtors are realistic. There are 2 measures shown for this factor; the change in current debtors and the change in long term receivables, both from the Budgeted Financial Position. Both measures show a relatively stable trend in line with the Municipality's policy of settling debtor's accounts within 30 days.

#### *2.5.4.11 Repairs and maintenance expenditure level*

This measure must be considered important within the context of the funding measures criteria because a trend that indicates insufficient funds are being committed to asset repair could also indicate that the overall budget is not credible and/or sustainable in the medium to long term because the revenue budget is not being protected. Due to the use of a deemed cost for infrastructure valuations, this percentage seems very low.

#### *2.5.4.12 Asset renewal/rehabilitation expenditure level*

This measure has a similar objective to aforementioned objective relating to repairs and maintenance. A requirement of the detailed capital budget is to categorise each capital project as a new asset or a renewal/rehabilitation project. The objective is to summarise and understand the proportion of budgets being provided for new assets and also asset sustainability. A declining or low level of renewal funding may indicate that a budget is not credible and/or sustainable and future revenue is not being protected, similar to the justification for 'repairs and maintenance' budgets.

## 2.6 Expenditure on grants and reconciliations of unspent funds

### MBRR SA19 - Expenditure on transfers and grant programmes

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b>EXPENDITURE:</b>			
<b><u>Operating expenditure of Transfers and Grants</u></b>			
<b>National Government:</b>	<b>73 514</b>	<b>83 851</b>	<b>93 734</b>
Local Government Equitable Share	70 560	82 301	92 184
Finance Management	1 550	1 550	1 550
EPWP Incentive	1 404	–	–
<b>Provincial Government:</b>	<b>44 574</b>	<b>12 252</b>	<b>8 825</b>
Community Development: Workers	37	37	37
Human Settlements	15 987	–	–
Libraries	7 400	7 855	8 308
Proclaimed Roads Subsidy	19 710	4 000	–
Financial Management Support Grant: Student Bursaries	240	360	480
Fire Service Capacity Building Grant	800	–	–
RSEP/VPUU Municipal Projects	400	–	–
<b>District Municipality:</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other grant providers:</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total operating expenditure of Transfers and Grants:</b>	<b>118 088</b>	<b>96 103</b>	<b>102 559</b>
<b><u>Capital expenditure of Transfers and Grants</u></b>			
<b>National Government:</b>	<b>24 608</b>	<b>22 637</b>	<b>23 724</b>
Municipal Infrastructure Grant (MIG)	21 608	22 637	23 724
Integrated National Electrification Programme (municipal)	3 000	–	–
<b>Provincial Government:</b>	<b>10 363</b>	<b>7 400</b>	<b>–</b>
Human Settlements	6 263	–	–
RSEP/VPUU Municipal Projects	4 000	7 400	–
Libraries	100	–	–
<b>District Municipality:</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Other grant providers:</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total capital expenditure of Transfers and Grants</b>	<b>34 971</b>	<b>30 037</b>	<b>23 724</b>
<b>TOTAL EXPENDITURE OF TRANSFERS AND GRANTS</b>	<b>153 059</b>	<b>126 140</b>	<b>126 283</b>

## MBRR SA 20 - Reconciliation between of transfers, grant receipts and unspent funds

Description	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>			
<b><u>Operating transfers and grants:</u></b>			
<b>National Government:</b>			
Balance unspent at beginning of the year	—	—	—
Current year receipts	73 514	83 851	93 734
Transfer to/from Debtors	—	—	—
<b>Conditions met - transferred to revenue</b>	<b>73 514</b>	<b>83 851</b>	<b>93 734</b>
Conditions still to be met - transferred to liabilities	—	—	—
<b>Provincial Government:</b>			
Balance unspent at beginning of the year	—	—	—
Current year receipts	44 574	12 252	8 825
<b>Conditions met - transferred to revenue</b>	<b>44 574</b>	<b>12 252</b>	<b>8 825</b>
Conditions still to be met - transferred to liabilities	—	—	—
<b>District Municipality:</b>			
Balance unspent at beginning of the year	—	—	—
Current year receipts	—	—	—
<b>Conditions met - transferred to revenue</b>	<b>—</b>	<b>—</b>	<b>—</b>
Conditions still to be met - transferred to liabilities	—	—	—
<b>Other grant providers:</b>			
Balance unspent at beginning of the year	—	—	—
Current year receipts	—	—	—
<b>Conditions met - transferred to revenue</b>	<b>—</b>	<b>—</b>	<b>—</b>
Conditions still to be met - transferred to liabilities	—	—	—
<b>Total operating transfers and grants revenue</b>	<b>118 088</b>	<b>96 103</b>	<b>102 559</b>
<b>Total operating transfers and grants - CTBM</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b><u>Capital transfers and grants:</u></b>			
<b>National Government:</b>			
Balance unspent at beginning of the year	—	—	—
Current year receipts	24 608	22 637	23 724
<b>Conditions met - transferred to revenue</b>	<b>24 608</b>	<b>22 637</b>	<b>23 724</b>
Conditions still to be met - transferred to liabilities	—	—	—
<b>Provincial Government:</b>			
Balance unspent at beginning of the year	—	—	—
Current year receipts	12 113	3 500	—
Transfer to/from Debtors	—	4 200	—
<b>Conditions met - transferred to revenue</b>	<b>12 113</b>	<b>7 700</b>	<b>—</b>
Conditions still to be met - transferred to liabilities	—	—	—
<b>District Municipality:</b>			
Balance unspent at beginning of the year	—	—	—
Current year receipts	—	—	—
<b>Conditions met - transferred to revenue</b>	<b>—</b>	<b>—</b>	<b>—</b>
Conditions still to be met - transferred to liabilities	—	—	—
<b>Other grant providers:</b>			
Balance unspent at beginning of the year	—	—	—
Current year receipts	—	—	—
<b>Conditions met - transferred to revenue</b>	<b>—</b>	<b>—</b>	<b>—</b>
Conditions still to be met - transferred to liabilities	—	—	—
<b>Total capital transfers and grants revenue</b>	<b>36 721</b>	<b>30 337</b>	<b>23 724</b>
<b>Total capital transfers and grants - CTBM</b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>TOTAL TRANSFERS AND GRANTS REVENUE</b>	<b>154 809</b>	<b>126 440</b>	<b>126 283</b>
<b>TOTAL TRANSFERS AND GRANTS - CTBM</b>	<b>—</b>	<b>—</b>	<b>—</b>

## 2.7 Allocations and Grants made by the municipality

The following cash allocations are provided for in the budget of the municipality:

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b><u>Cash Transfers to other Organs of State</u></b>			
<i>Darling Focus</i>	40	40	40
<i>Darling Renosterveld en Groenkloof</i>	20	20	20
<i>Donation: Huis van Heerde</i>	25	25	25
<i>Donation: SPCA</i>	250	265	281
<i>ECD Centres</i>	40	40	40
<i>Elkana Child Care</i>	45	45	45
<i>HUB R27</i>	50	50	50
<i>Malmesbury Klipkoppie en Driehoek</i>	50	50	50
<i>Multipurpose Centre: Illinge Lethu</i>	–	–	–
<i>Multipurpose Centre: Kalbaskraal</i>	–	–	–
<i>Multipurpose Centre: Moorreesburg</i>	40	40	40
<i>Museum - Malmesbury</i>	45	45	45
<i>Museum: Darling</i>	45	45	45
<i>Museum: Oude Kerk</i>	45	45	45
<i>Museum: Wheat Industry</i>	45	45	45
<i>Night Shelter</i>	25	25	25
<i>Old Age Homes</i>	680	680	680
<i>Ons Kan Training Centre</i>	20	20	20
<i>Paardeberg</i>	–	–	–
<i>Yzerfontein Conservancy</i>	65	65	65
<i>National Sea Rescue Institute (NSRI)</i>	30	30	30
<i>Tourism: Swartland Coast</i>	697	767	767
<b>Total Cash Transfers To Other Organs Of State:</b>	<b>2 258</b>	<b>2 343</b>	<b>2 359</b>

## 2.8 Councilor and employee benefits

### MBRR SA22 - Summary of councilor and staff benefits

Summary of Employee and Councillor remuneration R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
	G	H	I
<b><u>Councillors (Political Office Bearers plus Other)</u></b>			
Basic Salaries and Wages	6 287	6 665	7 064
Pension and UIF Contributions	943	1 000	1 060
Medical Aid Contributions	152	161	171
Motor Vehicle Allowance	1 391	1 474	1 563
Cellphone Allowance	675	716	759
<b>Sub Total - Councillors</b>	<b>9 448</b>	<b>10 015</b>	<b>10 616</b>
<b>% increase</b>	<b>-</b>	<b>6.0%</b>	<b>6.0%</b>
<b><u>Senior Managers of the Municipality</u></b>			
Basic Salaries and Wages	7 430	8 163	8 868
Pension and UIF Contributions	1 390	1 486	1 589
Medical Aid Contributions	358	391	426
Motor Vehicle Allowance	845	895	949
Cellphone Allowance	98	98	98
Other benefits and allowances	117	125	133
<b>Sub Total - Senior Managers of Municipality</b>	<b>10 237</b>	<b>11 157</b>	<b>12 063</b>
<b>% increase</b>	<b>-</b>	<b>9.0%</b>	<b>8.1%</b>
<b><u>Other Municipal Staff</u></b>			
Basic Salaries and Wages	114 838	125 543	137 047
Pension and UIF Contributions	18 654	19 799	21 098
Medical Aid Contributions	9 028	9 813	10 696
Overtime	6 740	7 484	7 574
Motor Vehicle Allowance	8 356	8 891	9 317
Cellphone Allowance	323	320	317
Housing Allowances	1 626	1 739	1 861
Other benefits and allowances	7 031	7 461	7 914
Payments in lieu of leave	1 508	1 659	1 825
Long service awards	1 508	482	1 187
Post-retirement benefit obligations	12 022	12 744	13 508
<b>Sub Total - Other Municipal Staff</b>	<b>181 635</b>	<b>195 935</b>	<b>212 344</b>
<b>% increase</b>	<b>-</b>	<b>7.9%</b>	<b>8.4%</b>
<b>Total Parent Municipality</b>	<b>201 320</b>	<b>217 107</b>	<b>235 023</b>
	<b>-</b>	<b>7.8%</b>	<b>8.3%</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>	<b>201 320</b>	<b>217 107</b>	<b>235 023</b>
<b>% increase</b>	<b>-</b>	<b>7.8%</b>	<b>8.3%</b>
<b>TOTAL MANAGERS AND STAFF</b>	<b>191 872</b>	<b>207 092</b>	<b>224 407</b>

**MBRR SA23 - Salaries, allowances and benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	No.	Salary	Contributions	Allowances	Performance Bonuses	In-kind benefits	Total Package
Rand per annum			1.				2.
<b><u>Councillors</u></b>							
Speaker		413 261	82 592	200 274			696 127
Chief Whip							–
Executive Mayor		538 972	80 845	241 596			861 412
Deputy Executive Mayor		431 177	64 676	200 274			696 127
Executive Committee		1 651 110	363 281	211 938			2 226 329
Total for all other councillors		3 252 800	503 607	1 211 757			4 968 164
<b>Total Councillors</b>	–	<b>6 287 320</b>	<b>1 095 000</b>	<b>2 065 840</b>			<b>9 448 160</b>
<b><u>Senior Managers of the Municipality</u></b>							
Municipal Manager (MM)		1 526 831	338 544	199 000			2 064 375
Chief Finance Officer		1 006 648	266 689	94 760			1 368 097
							–
<i>List of each official with packages &gt;= senior manager</i>							
Director: Corporate Services		991 860	244 996	74 177			1 311 032
Director: Development Services		937 737	234 589	134 033			1 306 359
Director: Civil Services		1 020 853	252 168	98 945			1 371 966
Director: Electrical Services		980 384	263 245	162 138			1 405 766
Director: Protection Services		965 722	264 315	179 453			1 409 489
							–
<b>Total Senior Managers of the Municipality</b>	–	<b>7 430 035</b>	<b>1 864 545</b>	<b>942 505</b>	–		<b>10 237 084</b>
<b><u>A Heading for Each Entity</u></b>							
List each member of board by designation							
<b>Total for municipal entities</b>	–	–	–	–	–		–
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>	–	<b>13 717 355</b>	<b>2 959 545</b>	<b>3 008 344</b>	–		<b>19 685 244</b>



## MBRR SA24 – Summary of personnel numbers

Summary of Personnel Numbers Number	Budget Year 2017/18		
	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>			
Councillors (Political Office Bearers plus Other Councillors)	23	7	16
Board Members of municipal entities	–	–	–
<b>Municipal employees</b>			
Municipal Manager and Senior Managers	7	7	–
Other Managers	–	–	–
Professionals	25	25	–
<i>Finance</i>	5	5	–
<i>Spatial/town planning</i>	4	4	–
<i>Information Technology</i>	2	2	–
<i>Roads</i>	–	–	–
<i>Electricity</i>	2	2	–
<i>Water</i>	1	1	–
<i>Sanitation</i>	–	–	–
<i>Refuse</i>	1	1	–
<i>Other</i>	10	10	–
Technicians	32	32	–
<i>Finance</i>	–	–	–
<i>Spatial/town planning</i>	4	4	–
<i>Information Technology</i>	2	2	–
<i>Roads</i>	2	2	–
<i>Electricity</i>	5	5	–
<i>Water</i>	3	3	–
<i>Sanitation</i>	2	2	–
<i>Refuse</i>	2	2	–
<i>Other</i>	12	12	–
Clerks (Clerical and administrative)	116	116	–
Service and sales workers	75	75	–
Skilled agricultural and fishery workers	1	1	–
Craft and related trades	32	32	–
Plant and Machine Operators	42	42	–
Elementary Occupations	238	238	–
<b>TOTAL PERSONNEL NUMBERS</b>	<b>591</b>	<b>575</b>	<b>16</b>
<b>% increase</b>	–	–	–
<b>Total municipal employees headcount</b>	<b>591</b>	<b>575</b>	<b>16</b>
Finance personnel headcount	75	75	–
Human Resources personnel headcount	5	5	–

## 2.1 Monthly targets for revenue, expenditure and cash flow

### MBRR SA25 - Budgeted monthly revenue and expenditure

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>															
<b>Revenue By Source</b>															
Property rates	16 950	9 858	7 783	7 563	7 612	7 293	7 563	6 643	6 643	6 495	6 427	6 131	96 960	104 222	112 026
Service charges - electricity revenue	24 245	23 650	21 781	19 828	19 672	20 502	19 414	18 289	21 245	19 453	19 853	22 478	250 410	267 263	285 031
Service charges - water revenue	3 560	3 615	4 034	4 502	5 108	5 664	5 648	4 584	4 584	3 782	3 560	4 897	53 537	59 828	66 865
Service charges - sanitation revenue	2 521	2 521	2 521	2 521	2 521	2 521	2 521	2 521	2 521	2 521	2 521	9 598	37 332	39 107	40 506
Service charges - refuse revenue	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	1 823	21 878	22 719	23 562
Rental of facilities and equipment	240	273	273	372	537	570	306	306	273	240	207	207	3 805	3 982	4 174
Interest earned - external investments	25	25	25	25	25	25	25	25	25	25	25	21 601	21 876	23 127	24 384
Interest earned - outstanding debtors	118	123	131	141	144	149	155	141	136	156	130	152	1 677	1 811	1 956
Fines	2 562	1 610	1 468	1 592	1 921	2 022	1 729	1 475	1 449	1 930	3 453	3 635	24 848	26 801	28 910
Licences and permits	336	336	336	336	336	336	336	336	336	336	336	336	4 037	4 239	4 451
Agency services	343	259	294	355	268	274	280	326	266	308	319	306	3 600	3 700	3 800
Transfers recognised - operational	31 425	3 197	37	4 243	25 826	1 776	1 776	4 938	19 516	1 776	1 776	21 486	117 773	96 303	102 559
Other revenue	761	798	862	835	962	1 101	1 045	838	799	755	705	579	10 039	10 321	10 611
Gains on disposal of PPE	-	-	-	-	-	200	-	-	-	-	-	-	200	200	200
<b>Total Revenue (excluding capital trans</b>	<b>84 911</b>	<b>48 088</b>	<b>41 370</b>	<b>44 138</b>	<b>66 756</b>	<b>44 257</b>	<b>42 622</b>	<b>42 247</b>	<b>59 618</b>	<b>39 601</b>	<b>41 136</b>	<b>93 230</b>	<b>647 973</b>	<b>663 622</b>	<b>709 036</b>
<b>Expenditure By Type</b>															
Employee related costs	14 117	14 117	14 117	14 117	22 684	14 117	14 117	14 117	14 117	14 117	14 117	28 020	191 872	207 092	224 407
Remuneration of councillors	754	754	754	754	754	754	754	835	835	835	835	835	9 448	10 015	10 616
Debt impairment	1 310	1 310	1 310	1 310	1 310	1 310	1 310	1 310	1 310	1 310	1 310	1 310	15 718	17 058	18 419
Depreciation & asset impairment	83	83	83	83	83	83	83	83	83	83	83	83 066	83 983	85 948	88 837
Finance charges	-	-	-	-	-	6 669	-	-	-	-	-	-	6 838	13 507	12 524
Bulk purchases	-	27 066	19 180	16 026	15 018	18 977	11 243	14 920	18 546	19 899	18 671	28 843	208 391	225 669	244 416
Contracted services	4 133	4 984	5 032	4 682	5 547	5 614	4 070	5 389	5 490	4 858	4 466	32 187	86 452	60 349	49 942
Transfers and subsidies	188	188	188	188	188	188	188	188	188	188	188	482	2 552	2 757	2 893
Other expenditure	2 822	4 182	3 322	3 103	3 604	3 629	2 729	3 516	3 583	4 057	2 998	733	38 279	40 572	43 126
Loss on disposal of PPE	197	197	197	197	197	197	197	197	197	197	197	197	2 364	2 482	2 606
<b>Total Expenditure</b>	<b>23 605</b>	<b>52 881</b>	<b>44 184</b>	<b>40 460</b>	<b>49 386</b>	<b>51 538</b>	<b>34 690</b>	<b>40 556</b>	<b>44 348</b>	<b>45 543</b>	<b>42 865</b>	<b>182 512</b>	<b>652 566</b>	<b>665 007</b>	<b>697 785</b>
<b>Surplus/(Deficit)</b>	<b>61 306</b>	<b>(4 793)</b>	<b>(2 814)</b>	<b>3 678</b>	<b>17 370</b>	<b>(7 280)</b>	<b>7 932</b>	<b>1 692</b>	<b>15 269</b>	<b>(5 942)</b>	<b>(1 729)</b>	<b>(89 282)</b>	<b>(4 593)</b>	<b>(1 385)</b>	<b>11 251</b>
Transfers recognised - capital	-	(11 000)	(3 000)	-	(9 000)	-	-	(4 869)	-	-	-	62 945	35 076	29 837	23 724
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>61 306</b>	<b>(15 793)</b>	<b>(5 814)</b>	<b>3 678</b>	<b>8 370</b>	<b>(7 280)</b>	<b>7 932</b>	<b>(3 177)</b>	<b>15 269</b>	<b>(5 942)</b>	<b>(1 729)</b>	<b>(26 337)</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>
<b>Surplus/(Deficit)</b>	<b>61 306</b>	<b>(15 793)</b>	<b>(5 814)</b>	<b>3 678</b>	<b>8 370</b>	<b>(7 280)</b>	<b>7 932</b>	<b>(3 177)</b>	<b>15 269</b>	<b>(5 942)</b>	<b>(1 729)</b>	<b>(26 337)</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>

**MBRR SA26 - Budgeted monthly revenue and expenditure (municipal vote)**

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>															
<b>Revenue by Vote</b>															
Vote 1 - Corporate Services	300	2 494	62	2 536	83	86	65	2 461	162	59	58	263	8 629	9 236	9 644
Vote 2 - Civil Services	25 125	16 244	9 360	9 892	30 703	11 125	11 107	14 921	19 647	9 239	8 873	35 728	201 963	199 471	208 145
Vote 3 - Council	20	20	20	20	20	20	20	20	20	20	20	20	237	239	242
Vote 4 - Electricity Services	25 523	23 781	24 922	19 979	20 730	20 661	19 579	18 440	22 076	19 619	19 992	20 870	256 173	270 300	288 370
Vote 5 - Financial Services	30 894	10 086	8 020	7 810	17 424	7 548	7 823	6 889	14 129	6 757	6 662	27 980	152 021	168 135	182 507
Vote 6 - Development Services	422	4 481	501	2 331	4 493	2 499	2 297	2 570	2 247	2 246	2 187	3 164	29 437	10 904	6 658
Vote 7 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Protection Services	3 244	2 599	2 102	2 287	2 919	2 636	2 349	2 532	2 055	2 577	4 110	5 179	34 589	35 173	37 194
<b>Total Revenue by Vote</b>	<b>85 527</b>	<b>59 705</b>	<b>44 987</b>	<b>44 854</b>	<b>76 372</b>	<b>44 574</b>	<b>43 239</b>	<b>47 833</b>	<b>60 334</b>	<b>40 518</b>	<b>41 903</b>	<b>93 204</b>	<b>683 049</b>	<b>693 459</b>	<b>732 760</b>
<b>Expenditure by Vote to be appropriated</b>															
Vote 1 - Corporate Services	1 959	2 017	2 020	1 995	2 828	2 059	1 951	2 044	2 052	2 006	1 981	4 309	27 219	29 383	31 372
Vote 2 - Civil Services	8 734	11 163	10 997	11 027	14 891	18 120	11 420	12 089	11 533	11 393	11 354	110 563	243 284	240 833	245 172
Vote 3 - Council	992	1 867	992	992	992	992	992	1 073	1 073	1 948	1 073	1 386	14 368	15 191	16 059
Vote 4 - Electricity Services	2 592	27 698	20 013	16 644	16 395	19 681	11 150	14 868	19 100	20 264	18 838	39 740	226 982	243 732	261 837
Vote 5 - Financial Services	2 674	2 818	2 823	2 759	4 192	2 916	2 651	2 882	2 901	2 785	2 727	13 656	45 784	48 597	52 366
Vote 6 - Development Services	2 431	3 084	3 105	2 809	4 180	3 519	2 304	3 367	3 456	2 916	2 668	5 049	38 888	26 203	25 350
Vote 7 - Municipal Manager	480	480	490	480	907	490	480	480	490	480	480	845	6 585	6 857	7 350
Vote 8 - Protection Services	3 743	3 753	3 743	3 753	5 001	3 762	3 743	3 753	3 743	3 753	3 743	6 964	49 457	54 212	58 280
<b>Total Expenditure by Vote</b>	<b>23 605</b>	<b>52 881</b>	<b>44 184</b>	<b>40 460</b>	<b>49 386</b>	<b>51 538</b>	<b>34 690</b>	<b>40 556</b>	<b>44 348</b>	<b>45 543</b>	<b>42 865</b>	<b>182 512</b>	<b>652 566</b>	<b>665 007</b>	<b>697 785</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>61 923</b>	<b>6 824</b>	<b>803</b>	<b>4 395</b>	<b>26 987</b>	<b>(6 964)</b>	<b>8 548</b>	<b>7 277</b>	<b>15 986</b>	<b>(5 026)</b>	<b>(962)</b>	<b>(89 308)</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>
<b>Surplus/(Deficit)</b>	<b>61 923</b>	<b>6 824</b>	<b>803</b>	<b>4 395</b>	<b>26 987</b>	<b>(6 964)</b>	<b>8 548</b>	<b>7 277</b>	<b>15 986</b>	<b>(5 026)</b>	<b>(962)</b>	<b>(89 308)</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>

**MBRR SA27 - Budgeted monthly revenue and expenditure (standard classification)**

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>															
<b>Revenue - Functional</b>															
<b>Governance and administration</b>	30 923	10 130	8 049	7 839	17 467	7 577	7 852	6 933	14 258	6 786	6 692	31 202	155 708	171 747	186 294
Executive and council	20	20	20	20	20	20	20	20	20	20	20	20	237	239	242
Finance and administration	30 903	10 110	8 029	7 819	17 448	7 557	7 832	6 913	14 238	6 766	6 672	31 183	155 470	171 507	186 053
Internal audit	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Community and public safety</b>	301	8 963	365	4 662	6 546	2 373	2 134	7 508	2 103	2 075	2 047	4 597	43 674	23 883	18 828
Community and social services	78	2 538	116	2 554	128	103	82	2 506	79	77	76	1 230	9 567	9 931	9 425
Sport and recreation	188	2 390	215	297	2 608	460	242	2 890	215	188	161	995	10 848	10 252	9 203
Public safety	20	19	18	20	19	18	18	57	18	19	19	580	824	15	15
Housing	15	4 015	15	1 792	3 792	1 792	1 792	2 055	1 792	1 792	1 792	1 792	22 436	3 686	186
Health	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Economic and environmental services</b>	1 557	1 483	1 481	1 609	1 527	1 465	1 483	4 107	1 433	1 538	1 527	39 046	58 255	42 628	40 763
Planning and development	240	246	256	268	273	279	286	269	262	288	255	282	3 205	3 318	3 430
Road transport	1 317	1 237	1 224	1 341	1 254	1 186	1 197	3 839	1 170	1 250	1 272	38 764	55 050	39 310	37 333
Environmental protection	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Trading services</b>	46 576	38 569	35 158	30 729	46 039	32 616	31 547	30 120	39 645	29 727	29 749	34 912	425 387	454 976	486 847
Energy sources	25 523	23 781	24 922	19 979	20 730	20 661	19 579	18 440	22 076	19 619	19 992	20 870	256 173	270 300	288 370
Water management	6 418	3 818	4 250	4 734	7 437	5 909	5 903	4 817	6 393	4 039	3 775	7 988	65 481	75 392	83 317
Waste water management	11 652	7 986	3 002	3 033	14 888	3 062	3 081	3 880	8 193	3 085	2 998	3 071	67 930	71 593	75 242
Waste management	2 984	2 984	2 984	2 984	2 984	2 984	2 984	2 984	2 984	2 984	2 984	2 984	35 803	37 691	39 917
<b>Other</b>	2	2	2	2	2	2	2	2	2	2	2	2	25	226	28
<b>Total Revenue - Functional</b>	79 358	59 146	45 054	44 841	71 581	44 032	43 018	48 671	57 441	40 128	40 017	109 760	683 049	693 459	732 760

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>															
<b>Expenditure - Functional</b>															
<i><b>Governance and administration</b></i>	<b>5 577</b>	<b>6 667</b>	<b>5 794</b>	<b>5 707</b>	<b>7 924</b>	<b>6 318</b>	<b>5 552</b>	<b>5 959</b>	<b>5 990</b>	<b>6 701</b>	<b>5 748</b>	<b>43 675</b>	<b>111 613</b>	<b>117 825</b>	<b>125 408</b>
Executive and council	1 025	1 900	1 025	1 025	1 025	1 025	1 025	1 106	1 106	1 981	1 106	3 792	17 141	18 009	19 144
Finance and administration	4 424	4 639	4 642	4 554	6 704	5 165	4 400	4 726	4 756	4 592	4 514	39 806	92 922	98 178	104 551
Internal audit	128	128	128	128	195	128	128	128	128	128	128	76	1 550	1 638	1 713
<i><b>Community and public safety</b></i>	<b>3 810</b>	<b>4 463</b>	<b>4 485</b>	<b>4 190</b>	<b>6 196</b>	<b>4 956</b>	<b>3 687</b>	<b>4 748</b>	<b>4 837</b>	<b>4 298</b>	<b>4 048</b>	<b>13 835</b>	<b>63 554</b>	<b>50 683</b>	<b>54 522</b>
Community and social services	1 028	1 028	1 029	1 030	1 528	1 031	1 032	1 030	1 030	1 032	1 029	4 164	15 991	17 033	18 101
Sport and recreation	1 467	1 467	1 467	1 467	2 191	1 522	1 467	1 467	1 467	1 467	1 467	6 525	23 441	24 411	26 538
Public safety	280	280	280	280	331	280	280	280	280	280	280	605	3 731	4 704	5 228
Housing	1 035	1 688	1 710	1 414	2 146	2 124	909	1 971	2 061	1 520	1 272	2 542	20 392	4 535	4 655
Health	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i><b>Economic and environmental services</b></i>	<b>5 037</b>	<b>5 218</b>	<b>5 128</b>	<b>5 119</b>	<b>7 014</b>	<b>5 530</b>	<b>5 063</b>	<b>5 164</b>	<b>5 137</b>	<b>5 113</b>	<b>5 096</b>	<b>63 837</b>	<b>122 455</b>	<b>117 429</b>	<b>110 573</b>
Planning and development	697	697	697	697	1 038	697	697	697	697	697	697	3 171	11 183	14 033	12 377
Road transport	4 340	4 520	4 431	4 422	5 976	4 833	4 365	4 467	4 440	4 415	4 398	60 666	111 272	103 396	98 196
Environmental protection	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<i><b>Trading services</b></i>	<b>7 359</b>	<b>34 200</b>	<b>26 548</b>	<b>23 334</b>	<b>25 282</b>	<b>32 430</b>	<b>18 460</b>	<b>22 495</b>	<b>26 102</b>	<b>27 246</b>	<b>25 857</b>	<b>84 283</b>	<b>353 595</b>	<b>377 602</b>	<b>405 741</b>
Energy sources	1 780	26 375	18 804	15 543	14 956	18 397	10 230	13 688	17 837	19 087	17 731	40 125	214 552	230 260	247 864
Water management	1 491	3 534	3 368	3 475	4 396	4 071	4 009	4 354	3 843	3 819	3 909	16 167	56 436	60 517	65 481
Waste water management	1 921	2 026	2 088	2 045	2 884	7 575	1 983	2 107	2 076	2 017	1 989	24 067	52 778	54 764	57 501
Waste management	2 167	2 265	2 288	2 271	3 045	2 387	2 239	2 346	2 346	2 323	2 228	3 925	29 828	32 061	34 894
<i><b>Other</b></i>	<b>105</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>128</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>170</b>	<b>1 349</b>	<b>1 468</b>	<b>1 542</b>
<b>Total Expenditure - Functional</b>	<b>21 888</b>	<b>50 653</b>	<b>42 061</b>	<b>38 455</b>	<b>46 543</b>	<b>49 340</b>	<b>32 867</b>	<b>38 471</b>	<b>42 172</b>	<b>43 463</b>	<b>40 854</b>	<b>205 800</b>	<b>652 566</b>	<b>665 007</b>	<b>697 785</b>
<b>Surplus/(Deficit) before assoc.</b>	<b>57 470</b>	<b>8 493</b>	<b>2 993</b>	<b>6 387</b>	<b>25 038</b>	<b>(5 308)</b>	<b>10 151</b>	<b>10 200</b>	<b>15 270</b>	<b>(3 335)</b>	<b>(837)</b>	<b>(96 040)</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>
<b>Surplus/(Deficit)</b>	<b>57 470</b>	<b>8 493</b>	<b>2 993</b>	<b>6 387</b>	<b>25 038</b>	<b>(5 308)</b>	<b>10 151</b>	<b>10 200</b>	<b>15 270</b>	<b>(3 335)</b>	<b>(837)</b>	<b>(96 040)</b>	<b>30 483</b>	<b>28 452</b>	<b>34 975</b>

**MBRR SA28 - Budgeted monthly capital expenditure (municipal vote)**

Description  R thousand	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Multi-year expenditure to be appropriated</b>															
Vote 1 - Corporate Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 2 - Civil Services	-	700	2 100	2 300	2 800	2 000	1 800	2 550	2 575	1 800	1 193	113	19 931	24 611	34 627
Vote 3 - Council	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 4 - Electricity Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 5 - Financial Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 6 - Development Services	1 246	2 246	1 746	246	246	396	246	246	246	-	-	800	7 663	6 500	1 000
Vote 7 - Municipal Manager	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 8 - Protection Services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>1 246</b>	<b>2 946</b>	<b>3 846</b>	<b>2 546</b>	<b>3 046</b>	<b>2 396</b>	<b>2 046</b>	<b>2 796</b>	<b>2 821</b>	<b>1 800</b>	<b>1 193</b>	<b>913</b>	<b>27 595</b>	<b>31 111</b>	<b>35 627</b>
<b>Single-year expenditure to be appropriated</b>															
Vote 1 - Corporate Services	7 060	-	-	-	-	194	-	10	-	32	-	15	7 312	250	53
Vote 2 - Civil Services	70	670	1 200	1 820	1 631	1 668	3 020	6 308	3 566	2 270	1 120	120	23 465	30 652	35 691
Vote 3 - Council	0	0	0	0	0	0	0	0	0	0	0	0	6	6	662
Vote 4 - Electricity Services	88	1 173	798	1 373	1 213	673	223	6 113	293	193	193	98	12 425	9 516	9 900
Vote 5 - Financial Services	1	1	600	1	94	1	1	1	1	1	1	1	706	440	255
Vote 6 - Development Services	786	890	786	820	886	1 694	786	886	862	3	3	263	8 662	1 829	449
Vote 7 - Municipal Manager	0	0	0	0	0	0	0	0	0	0	0	0	6	6	10
Vote 8 - Protection Services	-	70	118	-	475	158	-	-	18	-	230	-	1 067	6 185	1 629
Vote 9 - [NAME OF VOTE 9]	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>	<b>8 006</b>	<b>2 805</b>	<b>3 502</b>	<b>4 015</b>	<b>4 299</b>	<b>4 389</b>	<b>4 031</b>	<b>13 319</b>	<b>4 740</b>	<b>2 500</b>	<b>1 547</b>	<b>497</b>	<b>53 648</b>	<b>48 884</b>	<b>48 649</b>
<b>Total Capital Expenditure</b>	<b>9 252</b>	<b>5 751</b>	<b>7 347</b>	<b>6 561</b>	<b>7 345</b>	<b>6 784</b>	<b>6 077</b>	<b>16 115</b>	<b>7 561</b>	<b>4 300</b>	<b>2 740</b>	<b>1 411</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>

**MBRR SA29 - Budgeted monthly capital expenditure (standard classification)**

Description	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	Nov.	Dec.	January	Feb.	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital Expenditure - Functional</b>															
<b>Governance and administration</b>	7 066	10	632	210	108	41	6	16	59	31	43	16	8 237	1 159	1 451
Executive and council	0	0	0	0	0	0	0	0	0	0	0	0	6	6	662
Finance and administration	7 065	9	631	209	108	41	5	15	59	31	43	15	8 232	1 153	789
<b>Community and public safety</b>	2 065	3 435	3 275	1 880	1 980	3 691	1 915	2 025	2 065	1 062	620	1 101	25 115	22 708	9 532
Community and social services	–	–	–	–	–	1 234	–	10	–	27	–	815	2 086	3 648	1 268
Sport and recreation	36	336	646	851	951	1 287	886	986	1 036	1 036	408	286	8 744	9 446	6 969
Public safety	–	70	100	–	–	140	–	–	–	–	212	–	522	6 113	1 295
Housing	2 029	3 029	2 529	1 029	1 029	1 029	1 029	1 029	1 029	–	–	0	13 763	3 500	–
<b>Economic and environmental services</b>	33	233	733	968	1 214	643	2 433	5 158	3 363	2 033	783	93	17 691	14 954	14 550
Planning and development	–	100	300	535	506	410	400	90	330	–	750	60	3 481	922	426
Road transport	33	133	433	433	708	233	2 033	5 068	3 033	2 033	33	33	14 210	14 032	14 124
<b>Trading services</b>	88	2 073	2 708	3 503	4 043	2 409	1 723	8 916	2 073	1 173	1 293	201	30 199	41 175	58 743
Energy sources	88	1 173	788	1 173	1 203	673	223	6 103	273	173	173	88	12 125	9 176	9 550
Water management	–	400	410	810	810	509	500	615	–	–	288	113	4 455	8 715	7 732
Waste water management	–	500	1 510	1 520	2 020	1 221	1 000	1 698	1 801	1 000	833	–	13 103	20 785	34 092
Waste management	–	–	–	–	10	6	–	500	–	–	–	–	516	2 498	7 368
<b>Other</b>	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
<b>Total Capital Expenditure - Functional</b>	<b>9 252</b>	<b>5 751</b>	<b>7 347</b>	<b>6 561</b>	<b>7 345</b>	<b>6 784</b>	<b>6 077</b>	<b>16 115</b>	<b>7 561</b>	<b>4 300</b>	<b>2 740</b>	<b>1 411</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>
<b>Funded by:</b>															
National Government	–	2 100	2 500	3 600	3 600	2 300	2 300	2 915	2 300	1 800	1 193	–	24 608	22 637	23 724
Provincial Government	696	796	1 096	1 096	896	2 110	746	756	896	215	300	865	10 468	7 400	–
<b>Transfers recognised - capital</b>	<b>696</b>	<b>2 896</b>	<b>3 596</b>	<b>4 696</b>	<b>4 496</b>	<b>4 410</b>	<b>3 046</b>	<b>3 671</b>	<b>3 196</b>	<b>2 015</b>	<b>1 493</b>	<b>865</b>	<b>35 076</b>	<b>30 037</b>	<b>23 724</b>
Public contributions & donations	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Borrowing	–	–	–	–	–	–	–	–	–	–	–	–	–	4 896	19 336
Internally generated funds	8 556	2 855	3 752	1 865	2 849	2 374	3 031	12 444	4 365	2 285	1 247	546	46 167	45 062	41 216
<b>Total Capital Funding</b>	<b>9 252</b>	<b>5 751</b>	<b>7 347</b>	<b>6 561</b>	<b>7 345</b>	<b>6 784</b>	<b>6 077</b>	<b>16 115</b>	<b>7 561</b>	<b>4 300</b>	<b>2 740</b>	<b>1 411</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>

## MBRR SA30 - Budgeted monthly cash flow

MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>															
<b>Cash Receipts By Source</b>															
Property rates	16 103	9 365	7 394	7 185	7 231	6 928	7 184	6 311	6 311	6 170	6 105	5 825	92 112	99 011	106 424
Service charges - electricity revenue	23 033	22 467	20 692	18 837	18 688	19 477	18 443	17 375	20 183	18 480	18 860	21 354	237 889	253 900	270 780
Service charges - water revenue	3 382	3 434	3 832	4 277	4 852	5 381	5 366	4 355	4 355	3 593	3 382	4 652	50 861	56 836	63 522
Service charges - sanitation revenue	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	2 395	9 118	35 466	37 152	38 481
Service charges - refuse revenue	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	1 732	20 784	21 583	22 384
Rental of facilities and equipment	228	248	236	353	510	542	291	291	259	228	197	231	3 615	3 783	3 966
Interest earned - external investments	25	24	22	25	25	25	25	25	25	25	25	21 604	21 876	23 127	24 384
Interest earned - outstanding debtors	112	108	107	134	137	142	147	134	129	148	124	171	1 593	1 721	1 858
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines	718	418	353	446	538	566	484	413	406	541	967	1 109	6 960	8 482	8 870
Licences and permits	336	320	305	336	336	336	336	336	336	336	336	384	4 037	4 239	4 451
Agency services	343	252	279	355	268	274	280	326	266	308	319	329	3 600	3 700	3 800
Transfer receipts - operational	31 425	3 909	42	4 243	25 826	1 776	1 776	4 938	19 516	1 776	1 776	20 768	117 773	96 303	102 559
Other revenue	761	776	816	835	962	1 101	1 045	838	799	755	705	648	10 039	10 321	10 611
<b>Cash Receipts by Source</b>	<b>80 593</b>	<b>45 449</b>	<b>38 207</b>	<b>41 154</b>	<b>63 502</b>	<b>40 675</b>	<b>39 506</b>	<b>39 470</b>	<b>56 713</b>	<b>36 488</b>	<b>36 924</b>	<b>87 924</b>	<b>606 605</b>	<b>620 157</b>	<b>662 090</b>
<b>Other Cash Flows by Source</b>															
Transfer receipts - capital	-	(11 000)	(3 000)	-	(9 000)	-	-	(4 869)	-	-	-	62 945	35 076	29 837	23 724
Contributions recognised - capital & Transfers and subsidies - capital (in-kind - all)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds on disposal of PPE	-	-	-	-	-	-	-	-	-	-	-	200	200	200	200
Short term loans	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing	-	-	-	-	-	-	-	-	-	-	-	-	-	4 896	19 336
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	604	604	640	679
Decrease (increase) in non-current debtors	-	-	-	-	-	-	-	-	-	-	-	21	21	21	21
Decrease (increase) other non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Receipts by Source</b>	<b>80 593</b>	<b>34 449</b>	<b>35 207</b>	<b>41 154</b>	<b>54 502</b>	<b>40 675</b>	<b>39 506</b>	<b>34 601</b>	<b>56 713</b>	<b>36 488</b>	<b>36 924</b>	<b>151 694</b>	<b>642 506</b>	<b>655 751</b>	<b>706 050</b>



MONTHLY CASH FLOWS	Budget Year 2017/18												Medium Term Revenue and Expenditure Framework		
	July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>R thousand</b>															
<b>Cash Payments by Type</b>															
Employee related costs	13 843	13 843	13 843	13 843	22 244	13 843	13 843	13 843	13 843	13 843	13 843	27 477	188 150	203 155	220 269
Remuneration of councillors	754	754	754	754	754	754	754	835	835	835	835	835	9 448	10 015	10 616
Finance charges	-	-	-	-	-	6 669	-	-	-	-	-	6 838	13 507	13 065	12 524
Bulk purchases - Electricity	-	23 280	16 498	13 784	12 918	16 322	9 671	12 833	15 952	17 116	16 059	24 809	179 242	195 991	200 982
Bulk purchases - Water & Sewer	-	3 434	2 434	2 034	1 906	2 408	1 427	1 893	2 353	2 525	2 369	3 660	26 443	29 678	34 205
Contracted services	4 080	4 919	4 967	4 621	5 475	5 541	4 017	5 319	5 419	4 795	4 408	31 769	85 329	60 349	51 946
Transfers and grants - other	188	188	188	188	188	188	188	188	188	188	188	482	2 552	2 757	2 893
Other expenditure	2 682	3 974	3 157	2 948	3 424	3 448	2 592	3 341	3 404	3 854	2 849	697	36 370	40 572	44 856
<b>Cash Payments by Type</b>	<b>21 546</b>	<b>50 392</b>	<b>41 840</b>	<b>38 172</b>	<b>46 909</b>	<b>49 173</b>	<b>32 491</b>	<b>38 252</b>	<b>41 993</b>	<b>43 156</b>	<b>40 551</b>	<b>96 566</b>	<b>541 041</b>	<b>555 582</b>	<b>578 291</b>
<b>Other Cash Flows/Payments by Type</b>															
Capital assets	9 252	5 751	7 347	6 561	7 345	6 784	6 077	16 115	7 561	4 300	2 740	356	80 188	82 895	87 657
Repayment of borrowing	-	-	-	-	-	-	-	-	-	-	-	4 954	4 954	5 751	5 898
Other Cash Flows/Payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Cash Payments by Type</b>	<b>30 798</b>	<b>56 143</b>	<b>49 187</b>	<b>44 733</b>	<b>54 254</b>	<b>55 958</b>	<b>38 568</b>	<b>54 367</b>	<b>49 554</b>	<b>47 455</b>	<b>43 291</b>	<b>101 876</b>	<b>626 183</b>	<b>644 228</b>	<b>671 847</b>
<b>NET INCREASE/(DECREASE) IN CASH HELD</b>	<b>49 796</b>	<b>(21 694)</b>	<b>(13 980)</b>	<b>(3 578)</b>	<b>248</b>	<b>(15 282)</b>	<b>938</b>	<b>(19 766)</b>	<b>7 159</b>	<b>(10 967)</b>	<b>(6 367)</b>	<b>49 818</b>	<b>16 323</b>	<b>11 524</b>	<b>34 203</b>
Cash/cash equivalents at the month/year begin:	307 598	357 393	335 700	321 720	318 141	318 389	303 107	304 044	284 278	291 437	280 470	274 103	307 598	323 921	335 445
Cash/cash equivalents at the month/year end:	357 393	335 700	321 720	318 141	318 389	303 107	304 044	284 278	291 437	280 470	274 103	323 921	323 921	335 445	369 647

## 2.2 External Mechanisms

The table below indicates that no municipal service is outsourced to an external mechanism:

External mechanism	Yrs/ Mths	Period of agreement 1.	Service provided	Monetary value of agreement 2.
Name of organisation		Number		R thousand
NONE				

## 2.3 Contracts having future budgetary implications

The following contracts have future budgetary implications:

Description	Current Year 2016/17	2017/18 Medium Term Revenue & Expenditure Framework			Forecast 2020/21	Forecast 2021/22	Total Contract Value
R thousand	Original Budget	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Estimate	Estimate	Estimate
<b>Parent Municipality:</b>							
<b><u>Revenue Obligation By Contract</u></b>							
<i>National Sea Rescue Institute (NSRI)</i>	18.00	18.00	18.00	18.00	18.00	18.00	108.00
<i>Fire Services</i>	12.00	12.00	12.00	12.00	12.00	12.00	72.00
<b>Total Operating Revenue Implication</b>	0	0	0	0	0	0	0
<b><u>Expenditure Obligation By Contract</u></b>							
<i>Cleaning Public Open Spaces</i>	635	667	700	735	772	810	4 319
<i>Highlands Refuse Dump: Recycling</i>	168	168	168	168	168	168	1 008
<i>Refuse Removal: RCK</i>	409	468	500	535	573	613	3 097
<i>Sweeping of Streets</i>	2 339	2 514	2 703	2 906	3 124	3 358	16 944
<i>Cleaning Services</i>	151	163	176	190	190	190	1 062
<i>Printing of Accounts</i>	315	215	226	237	249	261	1 503
<i>Bank Charges on Standard Bank Contract</i>	–	597	632	670	711	753	3 363
<b>Total Operating Expenditure Implication</b>	4 017	4 792	5 106	5 442	5 786	6 154	31 297
<b>Total Capital Expenditure Implication</b>	–	–	–	–	–	–	–
<b>Total Parent Expenditure Implication</b>	4 017	4 792	5 106	5 442	5 786	6 154	31 297

## 2.4 Capital expenditure details

The following four tables present details of the Municipality's capital expenditure programme, firstly on new assets, then the renewal of assets, then the repair and maintenance of assets and finally the depreciation per asset class.

### MBRR SA34a - Capital expenditure on new assets by asset class

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>			
<b>Infrastructure</b>	<b>27 311</b>	<b>20 002</b>	<b>3 093</b>
Roads Infrastructure	10 770	3 278	400
<i>Roads</i>	10 770	3 278	400
Storm water Infrastructure	–	–	–
Electrical Infrastructure	3 000	–	–
<i>LV Networks</i>	3 000	–	–
Water Supply Infrastructure	651	8 674	2 663
<i>Reservoirs</i>	651	8 674	2 663
Sanitation Infrastructure	12 890	8 050	30
<i>Reticulation</i>	12 890	8 050	30
<b>Community Assets</b>	<b>6 100</b>	<b>10 100</b>	<b>1 550</b>
Community Facilities	2 900	2 150	550
<i>Centres</i>	950	1 000	–
<i>Public Open Space</i>	550	550	550
<i>Public Ablution Facilities</i>	100	600	–
<i>Taxi Ranks/Bus Terminals</i>	1 300	–	–
Sport and Recreation Facilities	3 200	7 950	1 000
<i>Indoor Facilities</i>	1 700	2 000	1 000
<i>Outdoor Facilities</i>	1 500	5 950	–
<b>Heritage assets</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Investment properties</b>	<b>–</b>	<b>–</b>	<b>–</b>
Revenue Generating	–	–	–
Non-revenue Generating	–	–	–
<b>Other assets</b>	<b>860</b>	<b>–</b>	<b>–</b>
Operational Buildings	860	–	–
<i>Municipal Offices</i>	860	–	–
Housing	–	–	–
<b>Biological or Cultivated Assets</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Intangible Assets</b>	<b>–</b>	<b>–</b>	<b>–</b>
Licences and Rights	–	–	–
<b>Computer Equipment</b>	<b>1 295</b>	<b>481</b>	<b>980</b>
Computer Equipment	1 295	481	980
<b>Furniture and Office Equipment</b>	<b>124</b>	<b>278</b>	<b>95</b>
Furniture and Office Equipment	124	278	95
<b>Machinery and Equipment</b>	<b>6 337</b>	<b>10 872</b>	<b>6 256</b>
Machinery and Equipment	6 337	10 872	6 256
<b>Transport Assets</b>	<b>981</b>	<b>3 629</b>	<b>4 521</b>
Transport Assets	981	3 629	4 521
<b>Total Capital Expenditure on new assets</b>	<b>43 008</b>	<b>45 362</b>	<b>16 495</b>

**MBRR SA34b - Capital expenditure on the renewal of existing assets by asset class**

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b><u>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</u></b>			
<b><u>Infrastructure</u></b>	<b>13 302</b>	<b>19 266</b>	<b>42 964</b>
Roads Infrastructure	–	–	–
Storm water Infrastructure	–	–	–
Electrical Infrastructure	6 200	7 800	8 000
<i>LV Networks</i>	6 200	7 800	8 000
Water Supply Infrastructure	7 102	11 466	34 964
<i>Water Treatment Works</i>	1 975	10 844	29 964
<i>Bulk Mains</i>	1 362	622	–
<i>Distribution</i>	3 765	–	5 000
<b><u>Community Assets</u></b>	<b>–</b>	<b>–</b>	<b>–</b>
Community Facilities	–	–	–
Sport and Recreation Facilities	–	–	–
<b><u>Heritage assets</u></b>	<b>–</b>	<b>–</b>	<b>–</b>
<b><u>Investment properties</u></b>	<b>–</b>	<b>–</b>	<b>–</b>
Revenue Generating	–	–	–
Non-revenue Generating	–	–	–
<b><u>Other assets</u></b>	<b>–</b>	<b>–</b>	<b>–</b>
Operational Buildings	–	–	–
Housing	–	–	–
<b><u>Biological or Cultivated Assets</u></b>	<b>–</b>	<b>–</b>	<b>–</b>
<b><u>Intangible Assets</u></b>	<b>–</b>	<b>–</b>	<b>–</b>
Servitudes	–	–	–
Licences and Rights	–	–	–
<b><u>Computer Equipment</u></b>	<b>–</b>	<b>–</b>	<b>–</b>
<b><u>Furniture and Office Equipment</u></b>	<b>–</b>	<b>–</b>	<b>–</b>
<b><u>Machinery and Equipment</u></b>	<b>–</b>	<b>–</b>	<b>–</b>
<b><u>Transport Assets</u></b>	<b>–</b>	<b>–</b>	<b>–</b>
<b><u>Libraries</u></b>	<b>–</b>	<b>–</b>	<b>–</b>
<b><u>Zoo's, Marine and Non-biological Animals</u></b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total Capital Expenditure on renewal of existing</b>	<b>13 302</b>	<b>19 266</b>	<b>42 964</b>
<b>Renewal of Existing Assets as % of total capex</b>	<b>16.4%</b>	<b>24.1%</b>	<b>51.0%</b>
<b>Renewal of Existing Assets as % of deprecn"</b>	<b>15.8%</b>	<b>22.4%</b>	<b>48.4%</b>

### MBRR SA34c - Repairs and maintenance expenditure by asset class

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Repairs and maintenance expenditure by Asset Class/Sub-class</b>			
<b>Infrastructure</b>	<b>47 196</b>	<b>35 908</b>	<b>27 571</b>
Roads Infrastructure	28 200	15 904	6 212
Roads	21 290	11 653	1 916
Road Structures	6 854	4 194	4 235
Road Furniture	55	58	61
Storm water Infrastructure	8 007	8 434	9 152
Storm water Conveyance	8 007	8 434	9 152
Electrical Infrastructure	1 875	1 995	2 123
MV Substations	745	783	822
LV Networks	1 129	1 212	1 301
Water Supply Infrastructure	–	–	–
Sanitation Infrastructure	2 544	2 668	2 798
Pump Station	676	710	745
Waste Water Treatment Works	1 869	1 958	2 053
Solid Waste Infrastructure	6 569	6 907	7 286
Landfill Sites	6 569	6 907	7 286
<b>Community Assets</b>	<b>3 086</b>	<b>3 127</b>	<b>3 275</b>
Community Facilities	2 394	2 509	2 630
Halls	2 153	2 259	2 370
Libraries	50	50	50
Cemeteries/Crematoria	68	72	75
Public Open Space	122	128	135
Sport and Recreation Facilities	692	618	645
Indoor Facilities	200	100	100
Outdoor Facilities	492	518	545
<b>Other assets</b>	<b>8 503</b>	<b>42</b>	<b>42</b>
Operational Buildings	11	12	12
Housing	8 492	30	30
Social Housing	8 492	30	30
<b>Intangible Assets</b>	<b>2 836</b>	<b>3 119</b>	<b>3 431</b>
Servitudes	–	–	–
Licences and Rights	2 836	3 119	3 431
Computer Software and Applications	2 836	3 119	3 431
<b>Computer Equipment</b>	<b>508</b>	<b>537</b>	<b>568</b>
Computer Equipment	508	537	568
<b>Furniture and Office Equipment</b>	<b>195</b>	<b>205</b>	<b>217</b>
Furniture and Office Equipment	195	205	217
<b>Machinery and Equipment</b>	<b>837</b>	<b>890</b>	<b>947</b>
Machinery and Equipment	837	890	947
<b>Transport Assets</b>	<b>4 234</b>	<b>4 684</b>	<b>5 234</b>
Transport Assets	4 234	4 684	5 234
<b>Total Repairs and Maintenance Expenditure</b>	<b>67 394</b>	<b>48 512</b>	<b>41 285</b>
<b>R&amp;M as a % of PPE</b>	<b>3.8%</b>	<b>2.7%</b>	<b>2.3%</b>
<b>R&amp;M as % Operating Expenditure</b>	<b>0.0%</b>	<b>7.4%</b>	<b>6.2%</b>

## MBRR SA34d - Depreciation by asset class

Description  R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b><u>Depreciation by Asset Class/Sub-class</u></b>			
<b><u>Infrastructure</u></b>	<b>69 462</b>	<b>71 310</b>	<b>74 344</b>
Roads Infrastructure	25 050	25 353	25 823
<i>Roads</i>	3 503	4 292	5 193
<i>Road Structures</i>	21 142	20 735	20 325
<i>Road Furniture</i>	404	325	305
Storm water Infrastructure	4 205	4 217	4 205
<i>Drainage Collection</i>	815	817	814
<i>Storm water Conveyance</i>	3 304	3 313	3 304
<i>Attenuation</i>	86	87	86
Electrical Infrastructure	12 817	12 710	13 379
<i>Power Plants</i>	252	248	247
<i>HV Substations</i>	24	24	24
<i>HV Switching Station</i>	10	10	10
<i>MV Substations</i>	2 430	2 926	3 624
<i>MV Networks</i>	7 169	6 748	6 728
<i>LV Networks</i>	2 932	2 754	2 746
Water Supply Infrastructure	10 434	10 686	10 926
<i>Dams and Weirs</i>	244	245	244
<i>Boreholes</i>	14	15	14
<i>Reservoirs</i>	1 351	1 355	1 350
<i>Pump Stations</i>	529	526	511
<i>Bulk Mains</i>	6 904	6 921	6 891
<i>Distribution</i>	1 302	1 534	1 826
<i>Distribution Points</i>	90	90	90
Sanitation Infrastructure	16 274	17 404	18 564
<i>Pump Station</i>	52	52	52
<i>Reticulation</i>	546	547	546
<i>Waste Water Treatment Works</i>	9 275	10 484	11 664
<i>Outfall Sewers</i>	6 337	6 256	6 239
<i>Toilet Facilities</i>	65	65	65
Solid Waste Infrastructure	681	941	1 447
<i>Landfill Sites</i>	328	590	1 099
<i>Waste Transfer Stations</i>	135	136	133
<i>Waste Drop-off Points</i>	218	216	214
Rail Infrastructure	–	–	–
Coastal Infrastructure	–	–	–
Information and Communication Infrastructure	–	–	–

Description  R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b><u>Community Assets</u></b>	<b>3 840</b>	<b>3 909</b>	<b>4 036</b>
Community Facilities	1 700	1 629	1 660
<i>Halls</i>	96	179	358
<i>Clinics/Care Centres</i>	507	392	391
<i>Museums</i>	24	24	13
<i>Libraries</i>	841	811	688
<i>Cemeteries/Crematoria</i>	174	165	153
<i>Public Ablution Facilities</i>	58	58	57
Sport and Recreation Facilities	2 141	2 280	2 376
<i>Outdoor Facilities</i>	2 141	2 280	2 376
<b><u>Heritage assets</u></b>	<b>—</b>	<b>—</b>	<b>—</b>
<b><u>Investment properties</u></b>	<b>25</b>	<b>25</b>	<b>21</b>
Revenue Generating	25	25	21
<i>Improved Property</i>	25	25	21
Non-revenue Generating	—	—	—
<b><u>Other assets</u></b>	<b>3 795</b>	<b>3 335</b>	<b>3 194</b>
Operational Buildings	3 462	3 031	2 890
<i>Municipal Offices</i>	2 941	2 508	2 369
<i>Workshops</i>	50	50	50
<i>Stores</i>	471	473	471
Housing	333	304	304
<i>Staff Housing</i>	163	134	134
<i>Social Housing</i>	170	170	170
<b><u>Biological or Cultivated Assets</u></b>	<b>—</b>	<b>—</b>	<b>—</b>
<b><u>Intangible Assets</u></b>	<b>686</b>	<b>589</b>	<b>229</b>
Licences and Rights	686	589	229
<i>Computer Software and Applications</i>	686	589	229
<b><u>Computer Equipment</u></b>	<b>946</b>	<b>929</b>	<b>662</b>
Computer Equipment	946	929	662
<b><u>Furniture and Office Equipment</u></b>	<b>365</b>	<b>381</b>	<b>487</b>
Furniture and Office Equipment	365	381	487
<b><u>Machinery and Equipment</u></b>	<b>2 474</b>	<b>2 246</b>	<b>2 228</b>
Machinery and Equipment	2 474	2 246	2 228
<b><u>Transport Assets</u></b>	<b>2 390</b>	<b>3 223</b>	<b>3 635</b>
Transport Assets	2 390	3 223	3 635
<b><u>Libraries</u></b>	<b>—</b>	<b>—</b>	<b>—</b>
<b><u>Zoo's, Marine and Non-biological Animals</u></b>	<b>—</b>	<b>—</b>	<b>—</b>
<b>Total Depreciation</b>	<b>83 983</b>	<b>85 948</b>	<b>88 837</b>

**MBRR SA34e - Capital expenditure on the upgrading of existing assets by asset class**

Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework		
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20
<b>Capital expenditure on upgrading of existing assets by Asset Class/Sub-class</b>			
<b>Infrastructure</b>	<b>10 000</b>	<b>12 664</b>	<b>18 920</b>
Roads Infrastructure	10 000	12 664	12 000
<i>Roads</i>	10 000	12 664	12 000
Storm water Infrastructure	–	–	3 220
<i>Storm water Conveyance</i>	–	–	3 220
Solid Waste Infrastructure	–	–	3 700
<i>Landfill Sites</i>	–	–	3 700
<b>Community Assets</b>	<b>7 872</b>	<b>2 703</b>	<b>5 897</b>
Community Facilities	900	400	–
<i>Police</i>	900	400	–
Sport and Recreation Facilities	6 972	2 303	5 897
<i>Outdoor Facilities</i>	6 972	2 303	5 897
<b>Heritage assets</b>	–	–	–
<b>Investment properties</b>	–	–	–
<b>Other assets</b>	<b>7 060</b>	–	–
Operational Buildings	–	–	–
Housing	7 060	–	–
<i>Social Housing</i>	7 060	–	–
<b>Intangible Assets</b>	–	–	–
Licences and Rights	–	–	–
<b>Computer Equipment</b>	–	–	–
<b>Furniture and Office Equipment</b>	–	–	–
<b>Machinery and Equipment</b>	–	–	–
<b>Transport Assets</b>	–	–	–
<b>Total Capital Expenditure on upgrading of existing a</b>	<b>24 932</b>	<b>15 367</b>	<b>24 817</b>
<i>Upgrading of Existing Assets as % of total capex</i>	30.7%	19.2%	29.4%
<i>Upgrading of Existing Assets as % of deprecn"</i>	29.7%	17.9%	27.9%



### MBRR SA35 - Future financial implications of the capital budget

Vote Description R thousand	2017/18 Medium Term Revenue & Expenditure Framework			Forecasts	
	Budget Year 2017/18	Budget Year +1 2018/19	Budget Year +2 2019/20	Forecast 2020/21	Forecast 2021/22
<b>Capital expenditure</b>					
Vote 1 - Corporate Services	7 312	250	53	55	57
Vote 2 - Civil Services	43 396	55 263	70 318	65 022	60 558
Vote 3 - Council	6	6	662	810	810
Vote 4 - Electricity Services	9 425	9 516	9 900	11 190	10 715
Vote 5 - Financial Services	706	440	255	1 172	26
Vote 6 - Development Services	18 425	7 929	1 449	218	70
Vote 7 - Municipal Manager	6	6	10	10	10
Vote 8 - Protection Services	1 967	6 585	1 629	2 823	1 736
<i>List entity summary if applicable</i>					
<b>Total Capital Expenditure</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>	<b>81 300</b>	<b>73 982</b>
<b>Net Financial Implications</b>	<b>81 243</b>	<b>79 995</b>	<b>84 276</b>	<b>81 300</b>	<b>73 982</b>

### MBRR SA36 - Detailed capital budget per municipal vote

Full detail with regards to the capital budget is available in Table SA 36 accompanying this report.

## 2.5 Legislation compliance status

Compliance with the MFMA implementation requirements have been substantially adhered to through the following activities:

#### 1. In year reporting

Full compliance with regards to monthly, quarterly and annual reporting to the Executive Mayor, Mayoral Committee, Council, Provincial Government and National Treasury.

#### 2. Budget and Treasury Office

The Budget and Treasury Office has been established in accordance with the MFMA.

#### 3. Audit Committee

An Audit Committee has been established and is fully functional.

#### **4. Service Delivery and Implementation Plan**

The detail SDBIP document will be finalised after approval of the 2017/18 MTREF at least 30 days before the start of the financial year. The SDBIP will be aligned and informed by the 2017/18 MTREF.

#### **5. Annual Report**

Annual report is compiled in terms of the MFMA and National Treasury requirements.

#### **7. MFMA Training**

The majority of the employees and interns who participated in the Municipal Minimum Competency Training Programme graduated in December 2015.

#### **8. Policies**

Refer to section 2.3.

### **2.6 Service Standards**

In line with the requirement of MFMA Circular 75 and 78, the following service standards are presented:

Province: SWARTLAND (WC015) - Schedule of Service Delivery Standards		
Standard	Description	Service Level
<b>Solid Waste Removal</b>		
	Premise based removal (Residential Frequency)	1/week
	Premise based removal (Business Frequency)	1 to 5/week
	Bulk Removal (Frequency)	some twice daily, but most 2/week
	Removal Bags provided(Yes/No)	No, only for equitable share households
	Garden refuse removal Included (Yes/No)	With household refuse weekly
	Street Cleaning Frequency in CBD	2/week to daily
	Street Cleaning Frequency in areas excluding CBD	weekly to monthly
	How soon are public areas cleaned after events (24hours/48hours/longer)	24hours
	Clearing of illegal dumping (24hours/48hours/longer)	Household, daily to weekly. Builders rubble and garden refuse monthly.
	Recycling or environmentally friendly practices(Yes/No)	77 Recycling igloos throughout eleven towns and schools
	Licensed landfill site(Yes/No)	6 of which one is for household refuse
<b>Water Service</b>		
	Water Quality rating (Blue/Green/Brown/NO drop)	Blue Drop
	Is free water available to all? (All/only to the indigent consumers)	4kl free to all
	Frequency of meter reading? (per month, per year)	per month
	Are estimated consumption calculated on actual consumption over (two month's/three month's/longer period)	three month's
	On average for how long does the municipality use estimates before reverting back to actual readings? (months)	three month's
<b>Duration (hours) before availability of water is restored in cases of service interruption (complete the sub questions)</b>		
	One service connection affected (number of hours)	3 hours
	Up to 5 service connection affected (number of hours)	3 hours
	Up to 20 service connection affected (number of hours)	3 hours
	Feeder pipe larger than 800mm (number of hours)	10 hours
	What is the average minimum water flow in your municipality?	0.2m3/h
	Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	No
	How long does it take to replace faulty water meters? (days)	1 day
	Do you have a cathodic protection system in place that is operational at this stage? (Yes/No)	No

<b>Electricity Service</b>	
What is your electricity availability percentage on average per month?	99.44% including Eskom load shedding
Do your municipality have a ripple control in place that is operational? (Yes/No)	YES in Malmesbury
How much do you estimate is the cost saving in utilizing the ripple control system?	R425 000 per year
What is the frequency of meters being read? (per month, per year)	per month
Are estimated consumption calculated at consumption over (two month's/three month's/longer period)	three month's
On average for how long does the municipality use estimates before reverting back to actual readings? (months)	three month's
Duration before availability of electricity is restored in cases of breakages (immediately/one day/two days/longer)	90% within 1,5 hours
Are accounts normally calculated on actual readings? (Yes/no)	Yes
Do you practice any environmental or scarce resource protection activities as part of your operations? (Yes/No)	Yes
How long does it take to replace faulty meters? (days)	2 days
Do you have a plan to prevent illegal connections and prevention of electricity theft? (Yes/No)	Yes
How effective is the action plan in curbing line losses? (Good/Bad)	Good: total electricity losses= 5.74%
How soon does the municipality provide a quotation to a customer upon a written request? (days)	1 day
How long does the municipality takes to provide electricity service where existing infrastructure can be used? (working days)	1 day
How long does the municipality takes to provide electricity service for low voltage users where network extension is not required? (working days)	10 days
How long does the municipality takes to provide electricity service for high voltage users where network extension is not required? (working days)	10 days
<b>Sewerage Service</b>	
Are your purification system effective enough to put water back in to the system after purification?	Effluent complies to General Limits of DWA
To what extend do you subsidize your indigent consumers?	Subsidize full sewerage levy
<b>How long does it take to restore sewerage breakages on average</b>	
Severe overflow? (hours)	3 hours
Sewer blocked pipes: Large pipes? (Hours)	10 hours
Sewer blocked pipes: Small pipes? (Hours)	3 hours
Spillage clean-up? (hours)	10 hours
Replacement of manhole covers? (Hours)	24 hours
<b>Road Infrastructure Services</b>	
Time taken to repair a single pothole on a major road? (Hours)	36 hours
Time taken to repair a single pothole on a minor road? (Hours)	36 hours
Time taken to repair a road following an open trench service crossing? (Hours)	36 hours
Time taken to repair walkways? (Hours)	36 hours
<b>Property valuations</b>	
How long does it take on average from completion to the first account being issued? (one month/three months or longer)	semi- annually
Do you have any special rating properties? (Yes/No)	No

<b>Financial Management</b>	
Is there any change in the situation of unauthorised and wasteful expenditure over time? (Decrease/Increase)	Decrease
Are the financial statement outsourced? (Yes/No)	No
Are there Council adopted business processes structuring the flow and management of documentation feeding to Trial Balance?	Yes
How long does it take for an Tax/Invoice to be paid from the date it has been received?	30 Days
Is there advance planning from SCM unit linking all departmental plans quarterly and annually including for the next two to three years procurement plans?	Yes
<b>Administration</b>	
Reaction time on enquiries and requests?	Acknowledgement of receipt within five working days, or immediately after capture by an SMS system
Time to respond to a verbal customer enquiry or request? (working days)	within 10 working days
Time to respond to a written customer enquiry or request? (working days)	within 10 working days
Time to resolve a customer enquiry or request? (working days)	within 10 working days
What percentage of calls are not answered? (5%,10% or more)	> 5%
How long does it take to respond to voice mails? (hours)	N/A
Does the municipality have control over locked enquiries? (Yes/No)	Yes
Is there a reduction in the number of complaints or not? (Yes/No)	Yes
How long does it take to open an account to a new customer? (1 day/ 2 days/ a week or longer)	1 day
How many times does SCM Unit, CFO's Unit and Technical unit sit to review and resolve SCM process delays other than normal monthly management meetings?	N/A
<b>Community safety and licensing services</b>	
How long does it take to register a vehicle? (minutes)	± 4 min.
How long does it take to renew a vehicle license? (minutes)	± 1 min
How long does it take to issue a duplicate registration certificate vehicle? (minutes)	± 6 min.
How long does it take to de-register a vehicle? (minutes)	± 5 min.
How long does it take to renew a drivers license? (minutes)	± 4 min.
What is the average reaction time of the fire service to an incident? (minutes)	± 12 min in urban area
What is the average reaction time of the ambulance service to an incident in the urban area? (minutes)	N/A
What is the average reaction time of the ambulance service to an incident in the rural area? (minutes)	N/A
<b>Economic development</b>	
How many economic development projects does the municipality drive?	N/A
How many economic development programme are deemed to be catalytic in creating an enabling environment to unlock key economic growth projects?	N/A
What percentage of the projects have created sustainable job security?	N/A
Does the municipality have any incentive plans in place to create an conducive environment for economic development? (Yes/No)	N/A
<b>Other Service delivery and communication</b>	
Is a information package handed to the new customer? (Yes/No)	No
Does the municipality have training or information sessions to inform the community? (Yes/No)	No. Communication
Are customers treated in a professional and humanly manner? (Yes/No)	Yes

## **2.7 mSCOA Budget Implementation Plan**

National Treasury has also introduced legislation relating to the regulating of the chart of accounts to be used by municipalities, also referred to as the “Municipal Standard Chart of Accounts” or “mSCOA”. Although the regulation is still in its infant stage (only being legislated on 22 April 2014), all municipalities in South Africa should fully comply with the regulations in financial years starting on or after 1 July 2017. To ensure successful implementation of the SCOA regulations, municipalities should already prepare and approve a fully mSCOA compliant budget in this next budget cycle.

Find detail of mSCOA Budget Implementation Plan and Risk Register in Annexure accompanying this report.

## **2.8 Other supporting documents**

All other supporting schedules are available on request and will also be placed on the website within 5 days after the approval of the budget.



## 2.9 Manager's quality certificate

I, J. J. Scholtz, Municipal Manager of Swartland Municipality, hereby certify that the annual budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the annual budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: J. J. Scholtz

Municipal Manager of Swartland Municipality

Signature: 

Date: 15.05.2017

SWARTLAND MUNICIPALITY - MSCOA IMPLEMENTATION PLAN								
	PROJECT NAME:	MUNICIPAL STANDARD CHART OF ACCOUNTS				PROJECT STATUS:		54%
				Planned Dates				
	TASK	Sub-Task / Status	Responsible	Start	End	Risk	Priority	% Complete
	<u>Project Governance</u>							
1.	Project sponsor appointed in writing and performance agreement updated	1.1. Chief Financial Officer	Municipal Manager	2016/04/18	2016/04/18	High	High	100%
2.	Steering committee appointed in writing with terms of reference and performance agreements	2.1. mSCOA steering committee established in January 2016	Project Sponsor	2016/01/20	2016/01/20	High	High	100%
		2.2. mSCOA appointment TOR was issued the steering committee of 19 July 2016	Project Sponsor	2016/07/18	2016/07/31	High	High	100%
3.	Project manager appointed in writing and performance agreement updated	3.1. A tender was awarded to Mubesko to manage the implementation of mSCOA subject to a signed SLA.	Project Sponsor	2016/05/16	2016/05/16	High	High	100%
4.	Project team appointed in writing and performance agreement updated	4.1. Project team is the mSCOA steering committee	Project Sponsor	2016/01/20	2016/01/20	High	High	100%
		4.2. mSCOA performance agreement for CFO	Project Sponsor	2016/04/18	2016/07/31	High	High	100%
		4.3. mSCOA appointment TOR was issued and signed by the steering committee of 19 July 2016	Steering Committee	2016/07/18	2016/07/31	High	High	100%
5.	Resgister a formal mSCOA project and allocate resources	5.1. Project Plan submitted to Council	Project Sponsor	ONGOING		High	High	100%
		5.2. Approve high level Project Plan	Council	2016/08/31	2016/08/31	High	High	100%
6.	Review progress report(s), including the updated risk register on a quarterly basis	6.1. Risk part of strategic risks and financial risk register	Steering Committee	2016/09/05	2016/09/09	High	High	100%
		6.1.1 Development and management of mscoa risk (operational)	Project Sponsor	ONGOING		High	High	80%
		6.1.2 Quarterly reviews done	Intern Auditor, Div Heads	ONGOING		High	High	60%
7.	Develop a SCOA project delivery strategy	7.1 Develop a SCOA project delivery strategy, including the assignment of responsibilities, (KPI's) and performance targets for the project and provide for regular project monitoring and reporting	Project Sponsor Project Manager	2016/10/01	2017/06/30	High	High	70%
	<u>Planning</u>							
8.	Register on FAQ database	8.1. Project Team members on FAQ database	Project Champion	2016/01/18	2016/01/19	Low	Meduim	100%



	TASK	Sub-Task / Status	Responsible	Planned Dates		Risk	Priority	% Complete
				Start	End			
9.	Project Team to sign Code of Ethics and Non-disclosure	9.1. Steering committee signed Code of Ethics and Non-disclosure documents	Project Sponsor	2016/07/18	2016/07/31	High	High	100%
10.	IT infrastructure Review	10.1. Appoint Specialist ** MOU was signed with Rdata	Project Sponsor	2016/05/16	2016/05/16	Meduim	High	100%
		10.2. Receive specialist report from IT Manager	Steering Committee	2016/10/01	2017/04/30	Meduim	High	50%
		10.3. Recommendations sign-off report by IT Manager	Steering Committee	2016/10/01	2017/04/30	Meduim	High	0%
		10.4. Implement recommendations	Project Sponsor	2016/10/01	2017/04/30	Meduim	High	0%
11.	Data Purification	11.1. HR & Payroll data	Payday / Morne	2016/10/01	2017/04/30	High	High	50%
		11.2. Asset records	Rdata / Arina	2016/10/01	2017/04/30	High	High	50%
		11.3. Debtors information	Susan/Gaynor/Elsabe	2016/10/01	2017/04/30	High	High	50%
		11.4. Vendor database	Vendor	2016/10/01	2017/04/30	High	High	50%
		11.5. Sign-off all data reviewed	Rdata / Susan	2016/10/01	2017/06/30	High	High	0%
12.	Match Chart of Accounts with mSCOA COA	12.1. Identify Stream Leads	Project manager	2016/09/05	2017/04/30	High	High	70%
		12.2. Draw up workstream Charter	Project manager	2016/09/05	2017/04/30	High	High	70%
		12.3. Complete COA according latest mSCOA version	Project Champion	2016/08/10	2017/04/30	High	High	90%
	More detail available on <b>ITEM</b> Sheet	12.3.1 <b>Item Segment</b> - All revenue, expenditure, assets, liabilities and net asset line items should be aligned to a predetermined numbering and layout of National Treasury.	Project Manager, Project Champion and All Relevant Department Heads	2016/06/26	2017/06/30	High	High	90%
	More detail available on <b>FUNCTION &amp; CLASSIFICATION</b> Sheet	12.3.2 <b>Function Segment &amp; Municipal Standard Classification Segments</b> - Design and align the internal organogram to a new costing module. The primary objective is not to change the organogram but rather to create cost centres that will align fully with the prescribed National Treasury functions and sub function in order to ensure full compliance.	Project Manager, Project Champion and All Relevant Department Heads	2016/06/26	2017/06/30	High	High	90%
	More detail available on <b>FUNDING</b> Sheet	12.3.3 <b>Funding Segment</b> - The primary objective is alignment of all expenditure to a finance source in order to ensure full compliance. All streams of revenue should be aligned to a prescribed sources of funding.	Project Manager, Project Champion and All Relevant Department Heads	2016/09/05	2017/06/30	High	High	90%
	More detail available on <b>REGIONAL INDICATOR</b> Sheet	12.3.4 <b>Regional Indicator</b> - All revenue and expenditure should be aligned to a predetermined regional indicators. The primary objective is that all revenue and expenditure is allocated to a ward and the cross subsidisation between the various wards is transparent and therefore informed decision can be made.	Project Manager, Project Champion and All Relevant Department Heads	2016/10/01	2017/06/30	High	High	90%

	TASK	Sub-Task / Status	Responsible	Planned Dates		Risk	Priority	% Complete
				Start	End			
	More detail available on <b>COSTING</b> Sheet	<b>12.3.5 Costing Segment</b> - The costing segment seeks to cluster the transactions of secondary cost allocation into three main cost categories namely; Departmental charges (Overhead cost allocation); Internal Billing; and Activity based costing	Project Manager, Project Champion and All Relevant Department Heads	N/a	N/a	High	High	0%
		<b>12.4.</b> Validate COA against latest mSCOA version	Project Manager, Project Champion	2016/08/08	2017/05/31	High	High	80%
		<b>12.5.</b> COA sign-off						
		Version 5.4	Project Sponsor	2016/06/26	2016/08/30	High	High	100%
		Version 6	Project Sponsor	2016/06/26	2016/11/30	High	High	100%
		Version 6.1	Project Sponsor	2016/06/26	2017/06/30	High	High	50%
<b>13.</b>	Align Budget with mSCOA	<b>13.1.</b> Identify Stream Leads	Project Manager/Champion	2016/10/01	2017/05/31	High	High	70%
		<b>13.2.</b> Draw up workstream Charter	Project Manager/Champion	2016/10/01	2017/05/31	High	High	70%
		<b>13.3.</b> Align budget with IDP projects	All departments	2016/10/01	2017/05/31	High	High	80%
		<b>13.4.</b> Align budget (projects) with mSCOA						
	More detail available on <b>PROJECT</b> Sheet	<b>13.4.1 Project Segment</b> - The objective of this segment is to allow for setting-up of parameters to link the IDP to the budget, Operational projects and capital projects.	All departments	2016/09/05	2017/06/30	High	High	90%
		<b>13.5.</b> Validate mSCOA budget	Rdata	2016/09/05	2017/06/30	High	High	60%
		Various delays due to changes in COA versions						
		<b>13.6.</b> mSCOA budget sign-off	Project Sponsor	2016/09/05	2017/06/30	High	High	0%
<b>14.</b>	Report to Council (Quarterly)	<b>14.1.</b> Number quarterly reports gone to Council yet	Steering Committee	2016/10/12	2017/02/08	High	High	100%
	<b>Implementation</b>							
<b>15.</b>	Deployment Preparations	<b>15.1.</b> Clearing of accounts, e.g. control -, interface - and suspense accounts	Rdata/Christo	2016/10/01	2017/05/31	High	High	40%
		<b>15.2.</b> Opening balance conversion - Historical information and data	Rdata/Christo/Arina	2016/10/01	2017/05/31	High	High	0%
		<b>15.3.</b> Validate deployment data	Rdata / Susan	2016/10/01	2017/05/31	High	High	0%
<b>16.</b>	Vendor Engagement	<b>16.1.</b> Rdata will remain the service provider	Steering Committee	n/a	n/a	Meduim	High	100%
		<b>16.2.</b> Software Deployment Municipal Impact Assessment	Rdata / Susan	2016/10/01	2017/05/31	Meduim	High	70%
		<b>16.3.</b> Sign-off: Scope of work (incl. Implementation plan)	Steering Committee	2016/08/15	2017/05/31	High	High	70%
		Due to various ammendments of the mSCOA charts						
		<b>16.4.</b> Draft & Sign MOU with Service Provider	Project Sponsor	2015/09/22	2016/05/19	High	High	100%
		<b>16.5.</b> Review 3rd Party systems / integration	IT Manager	2016/01/20	2017/05/31	High	High	50%
<b>17.</b>	Business Process Redesign	<b>17.1.</b> Identify Stream Leads	Project manager	2017/01/02	2017/05/31	Meduim	High	50%
		<b>17.2.</b> Document current business processes	Project Manager and - Team	2017/01/02	2017/05/31	High	High	20%

	TASK	Sub-Task / Status	Responsible	Planned Dates		Risk	Priority	% Complete
				Start	End			
		17.3. Document new business processes	Project Manager and - Team	2017/01/02	2017/05/31	High	High	50%
		17.4. Workshop new business processes	Project Manager and - Team	2017/01/02	2017/05/31	High	High	40%
		17.5. Test new business processes internal control	Internal Audit	2017/01/02	2017/05/31	High	High	0%
		17.6. Validate new business processes	Workstreams	2017/01/02	2017/05/31	High	High	0%
		17.7. New business processes Sign-off	Steering Committee	2017/01/02	2017/05/31	High	High	0%
18.	Software Deployment	18.1. System setup and preparation	Rdata	2016/10/01	2017/04/30	High	High	70%
		18.2. Deploy software	Rdata	2016/10/01	2017/04/30	High	High	60%
		18.3. User Training (Testing purposes)	Rdata	2016/10/01	2017/05/31	High	High	0%
		Envisaged for April 2017						
19.	Testing	19.1. User acceptance testing (All 15 Business Processes)	All	2017/01/16	2017/06/30	High	High	0%
		19.2. Budget reporting formats (MBRR) Testing	Rdata / Project Champion	2017/01/16	2017/06/30	High	High	0%
		19.3. Annual Financial Statements Generation Testing	Rdata/ Christo Gerber	2017/01/16	2017/06/30	High	High	0%
		19.4. MFMA S71 and S72 monthly reporting (current format) Testing	Rdata / Project Champion	2017/01/16	2017/06/30	High	High	0%
		19.5. Portal data testing and quality assurance	Rdata / Project Champion	2017/01/16	2017/06/30	High	High	0%
		19.6. Debugging	Rdata	2017/01/16	2017/06/30	High	High	0%
20.	End User Training	N/A	Rdata	2017/01/16	2017/06/30	High	High	0%
21.	Parralel Run	If necessary	Rdata	Unknown	Unknown	High	High	0%
22.	Change management	Project Sponsor	Project Manager and Rdata	2016/09/05	Ongoing	High	High	60%
23.	Go Live	N/A	All	2017/07/01	2017/07/01	High	High	0%
24.	Post Implementation Support	N/A	Rdata	2017/07/01	Ongoing	High	High	0%
25.	Project Close-out Report	N/A	Rdata / Project Sponsor	Ongoing		N/A	High	0%

## SWARTLAND MUN - mSCOA Risk Register

	Risk Identification	Root causes	Consequence	Likelihood	Impact	Inherent Risk Assessment	Control process	Effectiveness rating	Residual risk rating
1	Insufficient budget to implement SCOA	Certain Grants have been taken away from muni's(MSIG)	Delays in implementation of the project	3	5	15	Make own Funding available (CRR)	1	0
2	Insufficient IT infrastructure capacity to accommodate mSCOA	Unknown amounts of data that would feed back to Collaborator and GIS i.e.. TMT and Promun data.	No available space to store data if capacity runs out.	2	5	10	1. Skilled IT Dept 2. System upgrades have been happening on an ongoing basis and are in line with the NT hardware framework	0.6	4
3	Compliance with the legislated implementation date.	Delays in implementation of the project due to the various changes in the mSCOA chart	1. Non compliance 2. Risk to clean audit status and on-going changes to versions mSCOA versions 3. The mSCOA framework is complex and has no experts as yet as the pilot phase is a trail and error phase	4	5	20	Drawn up and continuously monitoring of mSCOA Implementation Plan	0.6	8
4	Change management procedures not effective	Lack of buy-in from staff	1. Non compliance 2. Accounting practices which are not in line with mSCOA	4	5	20	1. NT have provided high level awareness to key financial staff and delegated personnel from the various departments 2. Attendance of mScoa workshops/training 3. Site visits(pilot/non-pilot sites) 4. internal mScoa meetings with various Directors/HOD	0.6	8
5	Capacity constraints	1. Current finance staff not sufficient and resource availability of Financial and other Vendors given extent of skills required by other municipalities in SA 2. Lack of technical expertise at municipality to evaluate readiness of financial system in compliance to mSCOA requirements	1. Lack of experienced skill due to new municipal reform requiring trail and error 2. Excessive individual workload	5	5	25		0.2	20
6	Availability of Vendors prior to implementation	1. Vendor has responsibilities to service multiple Municipalities with limited expertise 2. Failure of NT accreditation of system vendors	1. Delay in the Implementation/Non Compliance 2. Limited Expertise in field of mSCOA	5	5	25	SLA	0.8	5
7	Late inclusion of non-pilot municipalities in discussions and way forward with mSCOA	Lack of communication by Non pilot Muni's	Uncertainty regarding mScoa expectations	5	2	10	Independent investigation into the principles of mScoa Continuous communication with other non-pilots	0.8	2

	Risk Identification	Root causes	Consequence	Likelihood	Impact	Inherent Risk Assessment	Control process	Effectiveness rating	Residual risk rating
8	No alignment between mSCOA classifications and GRAP standards. Incorrect mSCOA classifications e.g. Exchange or Non-exchange transactions, Provisions or Employee Benefits or Trade payables negatively impacting on municipality's audit opinion	Negative audit finding due to the AG requiring audit information as per GRAP only.	Negative management report	4	5	20	Attending GRAP/ASB training	0.6	8
9	Hampering of service delivery	Detailed Classification required of mScoa ( 7 Segments)	Time consuming bureaucracy at expense of Service Delivery	5	5	25		0.2	20
10	Incorrect VAT parameters loaded onto system	Financial system have to change parameter setting from old account structure to a combination of various segments for example item plus function plus project segment.	Incorrect VAT 201 Submissions	5	5	25		0.8	5
11	Policies and procedure not aligned to mSCOA	mScoa only implementable July 2017	Outdated policies	5	5	25	Annual review/amendments of policies	1	0
12	Problems arising after Going Live	insufficient testing/sign off of programmes	Delayed Transactions(Payments/Receipts)	5	5	25	1. Ongoing Testing of mScoa system 2. To run two systems old/new at same time	0.8	5